Canadian Food Inspection Agency

2012–13

Performance Report

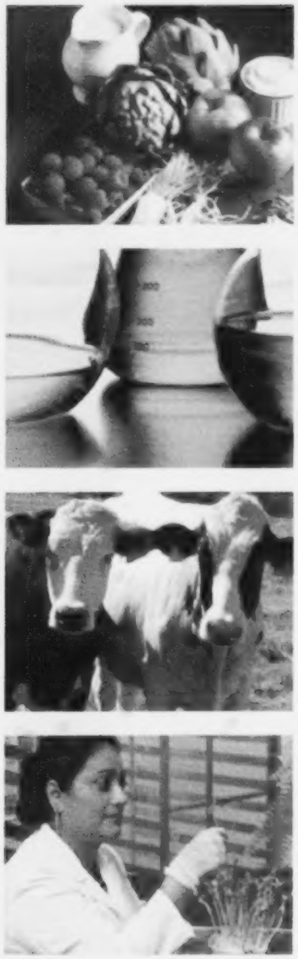
Approved:

The Honourable Rona Ambrose, PC, MP
Minister of Health

For the period ending March 31, 2013

Canadian Food
Inspection Agency

Agence canadienne
d'inspection des aliments



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Canada

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Minister's Message

The Honourable Rona Ambrose, PC, MP
Minister of Health

I am pleased to welcome the Canadian Food Inspection Agency (CFIA) to the Health Portfolio. By having all three federal authorities responsible for healthy food and food safety, there is a clear focus on Canadian consumers. This change will allow for better coordination, collaboration and communication when it comes to food safety.

The Agency's 2012–13 Performance Report outlines its wide range of achievements in helping to ensure that Canada has a safe and accessible food supply and plant and animal resource base. The CFIA is working diligently to protect the health and safety of Canadians while modernizing its regulations and approach to inspection.

The Government of Canada is committed to ensuring that Canadian consumers have confidence in the food they buy and eat. We understand that every day, parents make choices about what goes on the dinner table. Our *Safe Food for Canadians Act* was a significant milestone in strengthening Canada's world-class food safety system. This *Act* gives the Agency a solid legislative platform from which to:

- improve food safety oversight to better protect consumers;
- streamline and strengthen legislative authorities; and
- enhance internal market opportunities for Canadian industry.

Our Government will continue to work with the provinces and territories to further strengthen food inspection regimes.

Our Government introduced the Safe Food for Canadians Action Plan. This Plan underscores that Canadian consumers remain our Government's top priority when it comes to healthy food and food safety. It provides a clear vision for the CFIA as it moves forward to strengthen what is already one of the strongest food safety systems in the world. It is underpinned by four main objectives:

- stronger food safety rules;
- more effective inspection;
- a renewed commitment to service; and
- more information for consumers.

The CFIA will continue to support the Minister of Agriculture and Agri-Food for non-food safety agricultural activities, including economic and trade issues, as well as important animal health and plant protection work. For example, due to the efforts of the bi-national Regulatory Cooperation Council, Canada and the United States have agreed to recognize each other's disease control zoning for foreign animal disease outbreaks. This arrangement will keep the US market open to Canadian products while protecting animal and human health on both sides of the border during a foreign animal disease outbreak.

Canada continues to be a world leader in food safety. This reputation is based on the commitment to excellence and innovation, as well as the skills and dedication, of every member of the CFIA and the Health Portfolio. Our Government will continue to put the health and safety of Canadians first.

The Honourable Rona Ambrose, PC, MP
Minister of Health

Section I: Organizational Overview

1.1 Raison d'être

The Canadian Food Inspection Agency (CFIA) is Canada's largest science-based regulatory agency. It has approximately 7,120[1] employees working across Canada in the National Capital Region (NCR) and in four operational areas (Atlantic, Quebec, Ontario and Western).

The CFIA is dedicated to safeguarding food, animal, and plant health, which enhances the health and well-being of Canada's people, environment, and economy.

The CFIA develops and delivers inspection and other services in order to:

- prevent and manage food safety risks;
- protect plant resources from pests, diseases and invasive species;
- prevent and manage animal and zoonotic diseases;
- contribute to consumer protection; and
- contribute to market access for Canada's food, plants, and animals.

The CFIA bases its activities on science, effective risk management, commitment to service and efficiency, and collaboration with domestic and international organizations that share its objectives.

THE CFIA'S LEGISLATIVE AUTHORITY

CFIA Wide

- *Canadian Food Inspection Agency Act*
- *Agriculture and Agri-Food Administrative Monetary Penalties Act*

Food Safety

- *Food and Drugs Act* (as it relates to food)
- *Safe Food for Canadians Act (SFCA)* (Once brought into force, the SFCA will replace the following):
  - *Canada Agricultural Products Act*
  - *Consumer Packaging and Labelling Act* (as it relates to food)
  - *Fish Inspection Act*
  - *Meat Inspection Act*

Plant

- *Fertilizers Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*

Animal

- *Health of Animals Act*
- *Feeds Act*

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[1] This number includes active employees as well as those on paid or unpaid leave.

1.2 Responsibilities

The CFIA is responsible for administrating and enforcing 13 federal statutes and 38 sets of regulations, for regulating the safety and quality of food sold in Canada, and for supporting a sustainable plant and animal resource base. In November 2012, the *Safe Food for Canadians Act* received Royal Assent. This new legislation, when in force, will allow the CFIA to create new regulations that provide the necessary legal framework for a single, consistent approach to strengthening food inspection in Canada. It updates and consolidates the *Fish Inspection Act*, the *Canada Agricultural Products Act*, the *Meat Inspection Act*, and the food provisions of the *Consumer Packaging and Labelling Act*.

The CFIA shares many of its core responsibilities with other federal departments and agencies, with provincial, territorial and municipal authorities, with private industry, and with other stakeholders. The CFIA works with its partners to implement food safety measures; manage food, animal, and plant risks, incidents and emergencies; and promotes the development of food safety and disease control systems to maintain the safety of Canada's high-quality agriculture, agri-food, aquaculture and fishery products. The CFIA's activities include verifying the compliance of imported products; registering and inspecting establishments; testing food, animals, plants, and their related products; and approving the use of many agricultural inputs. The CFIA also provides scientific advice, develops new technologies, provides testing services, and conducts regulatory research.

At the CFIA, decisions are based on high-quality, timely, relevant science. Science informs policy development and program design and delivery through foresight, advice, risk assessment, the influence of international standards, research and development, and testing.

THE CFIA'S KEY FEDERAL PARTNERS

- Agriculture and Agri-Food Canada
- Health Canada
- Public Health Agency of Canada
- Canada Border Services Agency
- Canadian Grain Commission
- Public Safety Canada
- Fisheries and Oceans Canada
- Natural Resources Canada, including Canadian Forest Service
- Foreign Affairs and International Trade Canada
- Environment Canada, including Canadian Wildlife Service

1.3 Strategic Outcome and Program Alignment Architecture

To effectively fulfill its responsibilities in safeguarding Canada's food and sustaining its animal and plant resource base, the CFIA aims to achieve its strategic outcome[2] (A safe and accessible food supply and plant and animal resource base). The CFIA's Program Alignment Architecture (PAA), shown in Figure 1, illustrates how the Agency's strategic outcome aligns with those of the Government of Canada and reflects how the Agency plans to allocate and manage its resources to achieve the corresponding expected results. The Agency's priorities are reviewed annually to facilitate effective resource management within the context of the PAA framework. The four priority areas established for 2012–13 are detailed further in Section 1.4 and Section II.

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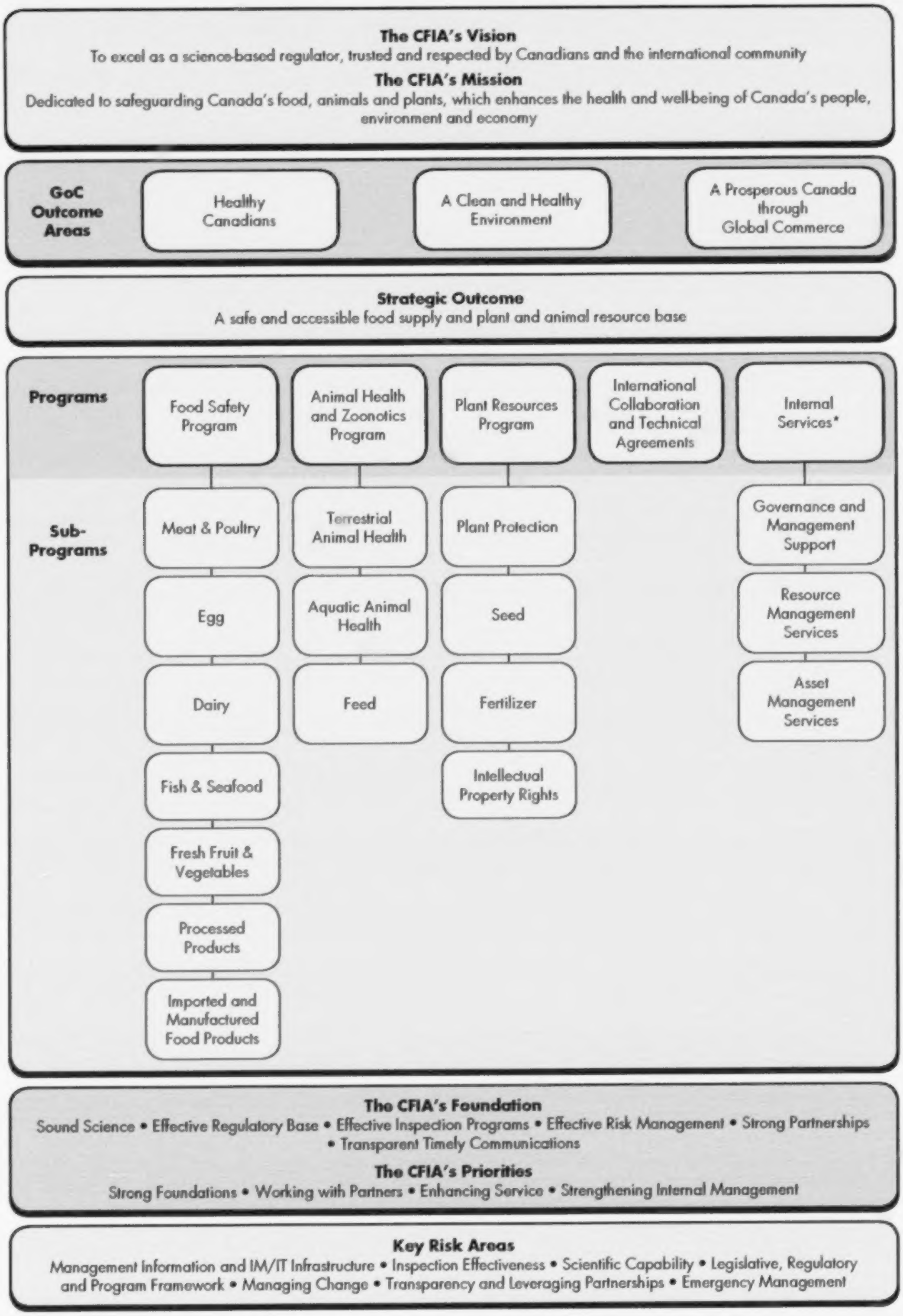
[2] A Strategic Outcome is defined as a long-term and enduring benefit to Canadians that stems from the Agency's vision and mission. It represents the difference the Agency intends to make for Canadians.



The CFIA's Vision
To excel as a science-based regulator, trusted and respected by Canadians and the international community

The CFIA's Mission
Dedicated to safeguarding Canada's food, animals and plants, which enhances the health and well-being of Canada's people, environment and economy

GoC Outcome Areas

- Healthy Canadians
- A Clean and Healthy Environment
- A Prosperous Canada through Global Commerce

Strategic Outcome
A safe and accessible food supply and plant and animal resource base

Programs / **Sub-Programs**

- Food Safety Program
  - Meat & Poultry
  - Egg
  - Dairy
  - Fish & Seafood
  - Fresh Fruit & Vegetables
  - Processed Products
  - Imported and Manufactured Food Products
- Animal Health and Zoonotics Program
  - Terrestrial Animal Health
  - Aquatic Animal Health
  - Feed
- Plant Resources Program
  - Plant Protection
  - Seed
  - Fertilizer
  - Intellectual Property Rights
- International Collaboration and Technical Agreements
- Internal Services*
  - Governance and Management Support
  - Resource Management Services
  - Asset Management Services

The CFIA's Foundation
Sound Science • Effective Regulatory Base • Effective Inspection Programs • Effective Risk Management • Strong Partnerships • Transparent Timely Communications

The CFIA's Priorities
Strong Foundations • Working with Partners • Enhancing Service • Strengthening Internal Management

Key Risk Areas
Management Information and IM/IT Infrastructure • Inspection Effectiveness • Scientific Capability • Legislative, Regulatory and Program Framework • Managing Change • Transparency and Leveraging Partnerships • Emergency Management

*The Internal Services program activity supports the CFIA's strategic outcome and all its programs

Figure 1: Program Alignment Architecture (PAA) for the CFIA

1.4 Organizational Priorities

For the 2012–13 fiscal year, the CFIA focussed on four strategic business priorities with the goal of strengthening the Agency's foundations, mitigating strategic risks and helping effectively deliver core program activities. The following table summarizes the Agency's performance with respect to achieving these priorities. Additional details are provided in Section II.

It should also be noted that during the 2012–13 fiscal year, the Agency's change agenda, and its priorities were further refined through the Agency's Long-Term Strategic Plan (LTSP). By defining the Agency's long-term vision and carefully considering its key strategic risks, the Long-Term Strategic Plan assists the CFIA in mitigating its risks, strengthening its foundations, and effectively delivering its core program activities.

<table>
<tr><th>Priority</th><th>Type[3]</th><th>Strategic Outcome and/or Program</th></tr>
<tr><td>Building a stronger foundation to enable effective and efficient program delivery</td><td>New</td><td>Link to Food Safety Program (2.2.1.1), Animal Health and Zoonotics Program (2.2.1.2), and Plant Resources Program (2.2.1.3)</td></tr>
<tr><th colspan="3">Summary of Progress</th></tr>
<tr><td colspan="3">Currently the CFIA manages twelve sets of regulations and eight specific programs related to the oversight of food safety in Canada. With the coming into force of the <i>Safe Food for Canadians Act</i>, which received Royal Assent in November 2012 and which will improve food safety oversight, these regulations and programs will be managed as a single set of food regulations. This new legislation which is expected to come into force in the near future, will allow for new regulations to be made that provide the necessary legal framework for a single, consistent approach to strengthening food inspection in Canada. As we move forward, the CFIA will consult stakeholders and other interested parties on the new Food Regulatory Framework.
Canada has one of the best inspection systems in the world. However, in response to pressures from increased globalization in the food industry and advances in science and technology, the CFIA continued to modernize its approach to food inspection in 2012–13. It consulted with stakeholders on the new improved food inspection model and redesigned many of its business functions in order to maintain a robust approach to food safety and consumer protection.
Finally, the CFIA recognizes that it must actively respond to changing demands on food related research and testing in order to support the early identification of hazards. Therefore in 2012–13, as part of Budget 2011, the CFIA began working with its partners to explore the concepts, processes, and mechanisms available to establish a national laboratory network for food safety. This collaboration will provide for a data sharing platform and harmonized laboratory methods and tools which will allow the CFIA and its partners to more effectively share and learn as food safety science evolves. It will also facilitate improved tracking and responses to food related illnesses.</td></tr>
</table>

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[3] Type is defined as follows: previously committed to – committed to in the first or second fiscal year prior to the subject year of the report; ongoing – committed to at least three fiscal years prior to the subject year of the report; and new – newly committed to in the reporting year of the Report on Plans and Priorities or the Departmental Performance Report.

Priority	Type[3]	Strategic Outcome and/or Program
Working closely with partners to optimize health and safety outcomes and economic objectives across jurisdictions	New	Link to Food Safety Program (2.2.1.1), Animal Health and Zoonotics Program (2.2.1.2), Plant Resources Program (2.2.1.3), and International Collaboration and Technical Agreements (2.2.1.4)

Summary of Progress

As partners in the largest bilateral trading relationship in the world, Prime Minister Stephen Harper and President Barack Obama announced the *Beyond the Border Declaration and the Canada-United States Regulatory Cooperation Council* in February 2011. Both initiatives seek to deepen our partnership and enhance our security, prosperity and economic competiveness while respecting each other's sovereignty. Specifically, in 2012–13, the CFIA worked with stakeholders and our US counterparts to conduct four joint assessments on commodities of common interest from third countries, and developed and announced a zoning protocol which, in the event of a contagious animal disease outbreak, will provide for continued bilateral trade from areas located outside the disease control and eradication zone.

The CFIA led Canada's efforts with the United States to launch pilot projects for simultaneous submissions for crop protection products and initiated a one-year pilot project aiming to streamline export certification and examine alternative approaches to import inspection activities.

In an effort to further protect consumers from Listeriosis, the CFIA entered into a partnership with Genome Canada and Alberta Innovates Bio Solutions. This partnership project aims to map the genome of *Listeria* bacteria so that more rapid tests can be developed as current test methods take at least five days. Genomic techniques could improve accuracy and cut testing time significantly, allowing the CFIA and industry to more effectively identify potentially unsafe foods and respond more quickly to protect consumers.

Priority	Type[3]	Strategic Outcome and/or Program
Enhancing service to improve results for regulated parties and consumers	New	Link to Food Safety Program (2.2.1.1), Animal Health and Zoonotics Program (2.2.1.2), and Plant Resources Program (2.2.1.3)
Summary of Progress		
The reputation and credibility of the CFIA are vital to its ability to deliver its mandate. As always, the CFIA is committed to being accountable for how it does business. This includes informing stakeholders and the public of its regulatory activities and decisions and reporting publicly on its performance. It is from this commitment that the CFIA developed the "Statement of Rights and Service for Producers, Consumers and Other Stakeholders". The Statement articulates the Agency's commitment to stakeholders. As well, it provides a compendium of audience-specific guides to inspection to provide stakeholders with a better understanding of: their specific rights when interacting with the CFIA; how the CFIA works with that specific stakeholder group; and the standards of behaviour by which CFIA employees abide. In addition, an Office of Complaints and Appeals was established and became operational in April 2012. This office investigates stakeholder complaints and appeals related to the quality of service, administrative errors and regulatory decisions. For more information on this office please visit the website[i]. Further, in an effort to promote a fair and consistent approach to program funding and to encourage effective and responsive service delivery, the CFIA made significant progress on a multi-year plan to review all of its service standards and fees. The goal is to ensure that all CFIA service standards and fees are in line with the actual costs of delivering the services and that all industry sectors are being treated equally in terms of service standards and applicable fees. In support of this, the CFIA has engaged extensively with stakeholders and invited feedback on proposed amendments. In 2012–13 the CFIA completed consultations on the following user fee amendments: Destination Inspection Service, Overtime Fees, and Importer Licensing. For more information on this please visit the website[ii].		

Priority	Type[3]	Strategic Outcome and/or Program
Strengthening internal management to enhance effectiveness	New	This management priority is part of Internal Services (2.2.1.5), which contributes to all Program Levels
Summary of Progress		
To deliver on its mandate, the CFIA must be able to attract, retain, and develop talented, dedicated employees at all levels. With this in mind, the Agency continued to implement its 2008–13 Human Resources Renewal Plan and act on its human resources priorities through such vehicles as collective staffing, the development of a 1-888 HR function, and targeted training of CFIA inspectors. The CFIA has also made significant progress in ensuring that the Agency has the controls in place to allow managers to administer and deliver effectively and efficiently. It has accomplished this through such measures as improving internal reporting capability for monitoring performance against plans and aligning agency resources towards Agency priorities and high risk-based activities. These outcomes were reached through the establishment of a Business Information Management Center (BIMC), a business-driven approach to capture, integrate, provide access to, and report on our business data and information to enhance decision making within the CFIA.		

1.5 Risk Analysis

The CFIA is responsible for identifying and managing risks to the food supply and the plant and animal resource base on which safe food and a prosperous economy depends. As such, the Agency has developed a robust risk management discipline to be adopted by all parts of the CFIA as an integral part of policy, priority setting, planning, resourcing, delivery, review and reporting activities.

The vast majority of the risks that fall within the Agency's mandate are managed in concert with numerous partners and stakeholders, both domestic and international. Within that context, the Agency's risk environment is rapidly changing and increasingly complex. Factors influencing key strategic risks faced by the Agency include (but are not limited to):

- the emergence of global supply chains, which have fundamentally changed the way agricultural products are produced, processed, packaged, distributed and sold;
- an increase in both the volume and variety of goods coming into Canada;
- increased export opportunities for Canadian producers, coupled with changing international standards and more stringent requirements;
- rapid advances in processing and manufacturing technologies, resulting in significant increases in production speed, volume and diversity and the subsequent need for legislative and regulatory frameworks to keep pace;
- an increasingly knowledgeable, demanding and risk-averse stakeholder base;
- the ongoing emergence of new pathogens due to increases in international travel and trade, microbial adaptation, changes in production methods and distribution as well as human demographics and behaviour;
- a greater understanding of the convergence of human, animal and ecosystem health issues; and
- a growing international consensus around the need for common scientific equipment and approaches to support industry oversight and the global agri-food trade.

A cornerstone of the CFIA's risk management process is the development of an Agency-wide Corporate Risk Profile (CRP). The Agency's 2012 CRP identifies the key strategic risks to which the Agency is exposed as a result of its internal and external operating environments, along with strategies aimed at reducing risk exposure to tolerable levels over the next several years. The results of the corporate risk profiling process have directly informed the priorities presented in Section 1.4 as well as the strategies presented throughout this report.

The following provides the highlights of the CFIA's key strategic risks, gives the planned responses to those risks, and links the risks to organizational priorities and program activities. The risks outlined below were identified in the 2012 RPP. Given that the Agency's corporate risks are currently static, and that response strategies are relatively long-term in nature, the risk responses were not significantly modified.

Table 1: Risk Summary

Detailed information on progress achieved under each of the mitigation strategies can be found in Section 2.2.1 where a 🍁 symbol has been included.

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
Management Information and IM/IT Infrastructure: **Potential Threat: The ability to make risk-based decisions due to the lack of timely, accurate and useful data and information.** The Agency's diverse information requirements and national presence has resulted in an IM/IT infrastructure containing a complex mix of new and old equipment that supports multiple IM/IT systems and databases. Differences in how information is collected, analyzed and used across multiple systems and hardware may impede information sharing and timely operational and regulatory decision making.	**Strategy:** Strengthen planning, reporting and performance monitoring by increasing the level of horizontal collaboration between program design and operational delivery and by strengthening internal reporting mechanisms, tools and systems to create sustainable and reliable sources of information that can be used for reporting and decision making. **Achievement:** The Agency has implemented a three year planning cycle. As well, a senior management reporting "dashboard" of the Agency's key performance data and semi-annual reporting on plans have been used to monitor progress against plans and ensure that the Agency maintains a reliable source of information for decision making.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
	Strategy: Establish a Business Information Management Centre (BIMC) to improve the timeliness and accessibility of business data. **Achievement:** The BIMC has promoted information sharing, fostered a culture of performance management, and supported sound decision making through the development of a quarterly senior management dashboard of the Agency's key performance indicators.		• Strengthen Internal Management
	Strategy: Consolidate and streamline IT infrastructure services through Shared Services Canada (SSC). **Achievement:** SSC has confirmed that the CFIA/AAFC Data Centre will be one of the interim sites for the consolidation by the Government of Canada Data Centre. Work continues to evaluate overall requirements and future actions.		• Working with Partners • Strengthen Internal Management

Risk	**Risk Response Strategy**	**Link to Program Alignment Architecture**	**Linkage to Organizational Priority**
Inspection Effectiveness: **Potential Threat: The ability to have appropriate inspection effectiveness to expeditiously prevent, detect, and respond to threats to food safety, animals and plants.** The Agency delivers 14 independently evolved inspection programs, each having diverse and complex requirements for training, information collection and industry compliance based on the commodity being regulated. Currently, the Agency's resource efficiency is impacted due to the maintenance of multiple training programs and IM/IT systems used to address distinct variations in inspection processes, tools, and information collection.	**Strategy:** Execute Inspection Modernization Initiative. **Achievement:** The Agency has designed a new and improved risk-based inspection model which integrates a Risk-Based Inspection Oversight Model (RBIO) and is based on common inspection activities and standard processes. Implementation is planned over the next 2-3 years. Currently in the implementation phase.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Strong Foundation
	Strategy: Strengthen planning, reporting and performance monitoring by increasing the level of horizontal collaboration between program design and operational delivery and by strengthening internal reporting mechanisms, tools and systems to create sustainable and reliable sources of information that can be used for reporting and decision making. **Achievement:** The Agency has implemented a three year planning cycle. As well, a senior management reporting dashboard of the Agency's key performance indicators and semi-annual reporting against plans have been used to monitor progress on plans and ensure that the Agency maintains a reliable source of information for decision making.		• Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
Scientific Capability: **Potential Threat: The ability to have the scientific capability to adapt and respond in a timely manner.** Advancements in science and technology have increased the complexity of the commodities the Agency regulates. Additionally, there is growing international consensus around the need for common scientific equipment and approaches to support industry oversight and the global agri-food trade. The Agency is expected to maintain an employee base and modern laboratory facilities that reflects these advancements in regulated products and international requirements.	**Strategy:** Laboratory infrastructure strategy. **Achievement:** The Agency invested in new science technologies in key locations and upgraded critical laboratory infrastructure.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Strong Foundation
	Strategy: Enhance laboratory response capacity. **Achievement:** The Agency has initiated two collaborative agreements: one with Genome Canada and the other with Genome Alberta Innovates Bio Solutions, which focus on developing rapid detection methods for *Listeria*. As well, staffing processes have been finalized for additional laboratory personnel at various locations across the Agency.		• Strong Foundation • Working with Partners
	Strategy: Provide both new and experienced inspection staff with consistent and relevant training that reflects the new inspection model. **Achievement:** The Agency developed an HR Strategy that targets recruitment, training and retention for new hires and experienced staff. A part of this plan is a new six week training program for all new CFIA inspectors. To date, it has completed three pilots (two English, one French) with 54 participants.		• Enhancing Service • Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
	Strategy: Integrate Laboratory Network. **Achievement:** The Agency developed a plan for an integrated network of laboratories to improve food safety response. Governance and a strategy have been developed to support the federal provincial and territorial efforts toward standardization and coordination of food safety surveillance activities.		• Strong Foundation • Working with Partners
Legislative, Regulatory and Program Framework: **Potential Threat: The ability of the current legislative, regulatory and program framework to support the effective delivery of the Agency's mandate.** Rapid advances in processing and manufacturing technologies have resulted in significant increases in production speed, volume and diversity, requiring the subsequent need for updated legislative and regulatory frameworks. Statutes and authorities impact the design and delivery of programs that regulate new commodities and support economic competitiveness within the industry.	**Strategy:** Legislative renewal through the development and passage of regulations under the *Safe Food for Canadians Act* and the coming into force of the *Safe Food for Canadians Act* and its regulations. **Achievement:** The *Safe Food for Canadians Act* received Royal Assent on November 22, 2012.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Strong Foundation • Enhancing Service
	Strategy: Implement a Multi-Year Regulatory Plan. **Achievement:** The Agency laid the foundation for the development of a modernized risk and outcome-based regulatory framework. Over the coming months, the Agency will be consulting with stakeholders on the proposed new regulatory framework.		• Strong Foundation • Enhancing Service

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
Managing Change: **Potential Threat: The ability to effectively manage change on an ongoing basis.** The global evolution of economic, social and environmental factors influences the regulatory and business environment within which the Agency operates. Consequently, fiscal restraint is growing in importance, as is the subsequent need for greater innovation to achieve efficiency while maintaining or increasing effectiveness in the way the Agency does its business and delivers its mandate.	**Strategy:** Provide both new and experienced inspection staff with consistent and relevant training that reflects the new inspection model. **Achievement:** The Agency developed an HR Strategy that targets recruitment, training and retention for new hires and experienced staff. Part of this plan is a new six-week training program for all new CFIA inspectors. To date, it has completed three pilots (two English, one French) with 54 participants.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Enhancing Service • Strengthen Internal Management
	Strategy: Reinforce values and ethics to ensure ongoing dialogue between managers, supervisors, and employees and to provide guidance and advice within respective areas/branches. **Achievement:** Value and Ethics was added as a standing agenda item for many management teams and staff meetings, encouraging open dialogue. Comprehensive Value and Ethics training was provided, emphasizing the importance of ethical dialogue. The Senior Value and Ethics Officer made regular presentations to various Branch Management Teams (this year representing 50% of the Agency) and sent out messages and tools to support dialogue between managers, and supervisors and their staff.		• Strong Foundation • Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
	Strategy: Strengthen planning, reporting and performance monitoring by increasing the level of horizontal collaboration between program design and operational delivery and by strengthening internal reporting mechanisms, tools and systems to create sustainable and reliable sources of information that can be used for reporting and decision making. **Achievement:** The Agency has implemented a three year planning cycle. As well, a senior management reporting dashboard of the Agency's key performance indicators and semi-annual reporting on plans have been used to monitor progress against plans and ensure that the Agency maintains a reliable source of information for decision making. Additionally internal governance processes have been implemented to better support planning and decision making.		• Strong Foundation • Strengthen Internal Management
	Strategy: Enhance project management. Design, deliver and establish, accessible and user friendly project management services for all employees. **Achievement:** The CFIA conducted an independent assessment of project management maturity and has developed strategies/ approaches to further mature project management within the Agency.		• Strong Foundation • Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
	Strategy: Enhance internal and public engagement by enabling greater accountability for compliance, as well as improved service delivery and information sharing through the provision of quality online information and access to services in a context that the public wants and expects. **Achievement:** The CFIA has completed and published its Transparency Policy which, along with the *Statement of Rights and Service* and the Complaints and Appeals Office, has enhanced the CFIA's reputation for fairness, accountability, and transparency.		• Strong Foundation • Working with Partners • Enhancing Service • Strengthen Internal Management
Transparency and Leveraging Relationships: **Potential Opportunity: Opportunity for the Agency to increase its transparency and accountability to stakeholders.** Information sharing enables regulated parties to take steps to ensure compliance and also helps to increase public awareness and confidence in the Canadian marketplace. Diverse methods exist to engage and collaborate with industry, other governmental stakeholders and the public to enhance the development of outputs that are mutually beneficial and agreed-upon.	**Strategy:** *Enhance Service and Communication:* Transparency Policy; Web Communication Strategy; Complaints/Appeals Mechanism; Access to Information and Privacy ATIP Modernization. **Achievement:** The Transparency Policy was completed and published on April 1, 2013. The Implementation of the Complaints and Appeals Office was completed and launched in April 2012. Training sessions were delivered to increase ATIP awareness. Draft Privacy Governance Framework developed.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
	Strategy: Electronic Service Delivery Platform. **Achievement:** E-business and e-certification now integrated with electronic service delivery platform (ESDP). The projects are managed under one project management office in order to gain efficiencies and leverage commonalities of the desired systems.		• Strong Foundation
	Strategy: User Fees/Service Standards Modernization. **Achievement:** The review and modernization of user fees and service standards is making progress; • Destination Inspection draft proposal was completed; • Importer licensing proposal, for the non-federally registered sector, was approved; • Animal Export Certificates and Overtime Fees Proposals progressed as planned.		• Strong Foundation

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
	Strategy: Red Tape Reduction Initiatives. **Achievement:** Initiatives contributing to the Red Tape Reduction objectives are progressing well. e.g. legislative and regulatory renewal; inspection modernization strategy; training to support professional delivery of services; Transparency Agenda; ethical relationships; user fees and service standards; issuance of export certificates; etc.		• Strong Foundation
	Strategy: International Engagement: International Program Framework; International Strategic Framework; FDA Comparability and Border Initiatives with the US. **Achievement:** The Agency made contributions to a common CFIA/AAFC database which will track on-going, emerging, and priority international issues. Progress has been made with respect to Trans Pacific Partnership negotiations and free trade negotiations with the EU, India, and China. Mutual recognition of zoning decisions between Canada and the US in the event of a highly contagious animal disease outbreak was arranged developed and announced. Four joint assessments on third countries were conducted by Canada and the US to better protect both countries from off shore animal and plant risks.		• Strong Foundation • Working with Partners • Enhancing Service • Strengthen Internal Management

Risk	Risk Response Strategy	Link to Program Alignment Architecture	Linkage to Organizational Priority
Emergency Management: **Potential Threat: The ability to respond to multiple simultaneous or large-scale emergencies.** The CFIA has a well-planned emergency preparedness and response capacity. However threat environments continue to evolve, requiring regular updating of plans and responses to reflect changes and find efficiencies to ensure the Agency maintains a minimum of essential business functions during emergencies.	*Existing risk mitigation strategies resulted in a tolerable level of residual risk*. The currently established Risk Response Strategy will be monitored.	Linked to the CFIA's main strategic outcome of a safe and accessible food supply and plant and animal resource base	• Strong Foundation • Working with Partners • Enhancing Service • Strengthen Internal Management

1.6 Summary of Performance

The increase from Planned Spending to Actual Spending reflects funding received during 2012–13 via supplementary estimates and from Treasury Board Votes. Some of this funding was related to initiatives that sunsetted and been renewed, but the renewed resources were not reflected in the Agency's Planned Spending, as it had not yet been approved by Parliament. The Agency also received: funding transferred from Agriculture and Agri-Food Canada as part of a multi-year Memorandum of Understanding to continue the Growing Forward Program Suite; funding carried forward from the previous fiscal year; funding related to increased statutory compensation payments; and takes into account recent savings initiatives undertaken by the government.

The decrease of 283 from Planned to Actual Full-Time Equivalents (FTEs) is related to delays in certain projects and some initiatives as well as an acceleration in the application of reductions related to savings initiatives.

For variance analysis at the Program Level, please see the applicable Program in Section II of this document.

Financial Resources – Total Agency ($ millions)

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
685.5	723.9	846.7	782.1	58.2

Human Resources (FTEs[4])

Planned 2012–13	Actual 2012–13	Difference 2012–13
6729	6446	(283)[5]

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[4] Full-Time Equivalent (FTE): A measure of human resource consumption, it calculates the number of assigned hours of work over the total hours of regularly scheduled work (37.5 hours per week over 12 months). For example, an employee who works half-time (18.75 hours per week) over a 12-month period is equivalent to a 0.5 FTE.

[5] The Agency has not reduced staff or cut programs that would in any way impact food safety or place the health and safety of Canadians at risk.

Performance Summary Table for Strategic Outcome and Programs ($ millions)

Strategic Outcome 1: A Safe and Accessible Food Supply and Plant and Animal Resource Base

Program	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)			Alignment to Government of Canada Outcomes
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11	
Food Safety Program	304.8	340.3	352.7	330.5	369.5	353.6	328.9	313.8	Healthy Canadians
Animal Health and Zoonotics Program	132.5	132.5	132.0	89.2	210.7	175.4	140.3	133.9	Healthy Canadians
Plant Resources Program	84.4	86.6	84.7	74.4	93.5	89.0	84.0	80.1	A Clean and Healthy Environment
International Collaboration and Technical Agreements	45.4	45.4	31.7	25.6	35.2	33.4	34.8	33.3	A Prosperous Canada through Global Commerce
Strategic Outcome 1 Sub-Total	**567.1**	**604.8**	**601.1**	**519.7**	**708.9**	**651.4**	**588.0**	**561.1**	

Performance Summary Table for Internal Services ($ millions)

Internal Services	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)		
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11
	118.4	119.1	130.3	116.9	137.8	130.7	149.7	160.7
Sub-Total	**118.4**	**119.1**	**130.3**	**116.9**	**137.8**	**130.7**	**149.7**	**160.7**

Total Performance Summary Table ($ millions)

Strategic Outcome(s) and Internal Services	Total Budgetary Expenditures (Main Estimates 2012–13)	Planned Spending			Total Authorities (available for use) 2012–13	Actual Spending (authorities used)		
		2012–13	2013–14	2014–15		2012–13	2011–12	2010–11
	685.5	723.9	731.4	636.6	846.7	782.1	737.7	721.8
Total	**685.5**	**723.9**	**731.4**	**636.6**	**846.7**	**782.1**	**737.7**	**721.8**

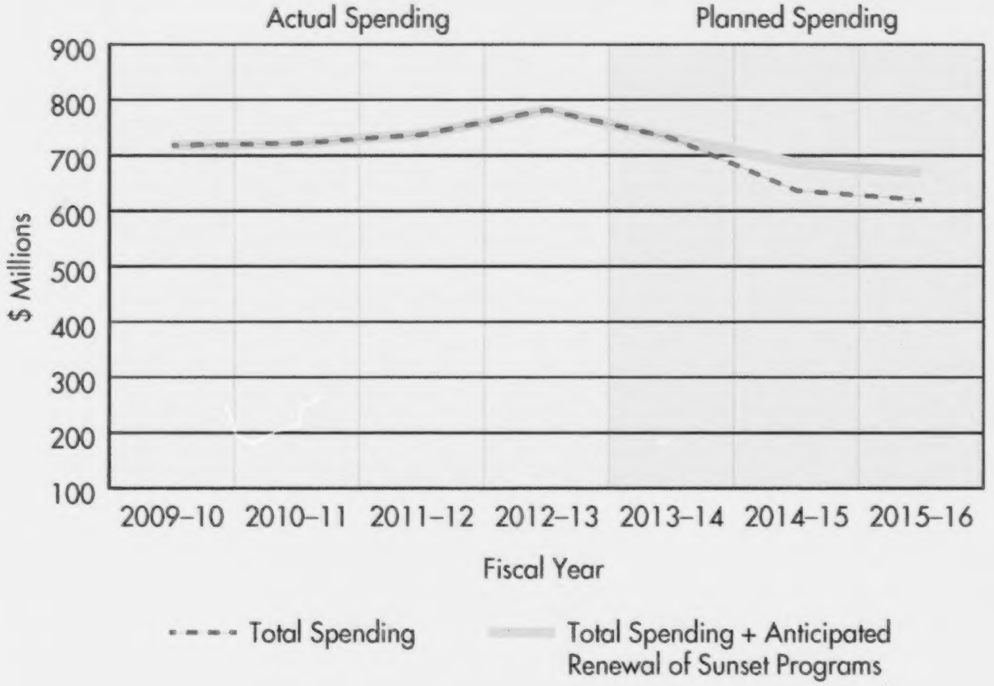
1.7 Expenditure Profile

The Agency's overall spending has increased from 2009–10 to 2012–13 by approximately 9%. This is as a result of additional funding received for the following: Food and Consumer Safety Action Plan: to increase the frequency of food inspections in meat processing establishments; the Government's response to Listeriosis; Modernizing Federal Laboratories (Under Canada's Economic Action Plan); the Pork Industry Recovery and Expansion Strategy; Food Safety Modernization; transfers from Agriculture and Agri-Food Canada for the Traceability National Information Portal (TNIP) and Growing Forward; as well as for increased expenditures under statutory compensation. This also takes into account resources that the Agency transferred to Shared Services Canada (SSC) in 2011–12 to consolidate, streamline and improve Government information technology and information management services as well as the first year of reductions stemming from savings initiatives. In the first year, the majority of the savings of $2.0 million were related to administrative efficiencies.

Planned Spending resources for 2013–14 to 2015–16 are scheduled to decline over this three-year period. This is as a result of the following: the implementation of incremental savings initiatives; the transfer of resources to Public Works and Government Services Canada for the Consolidation of Pay Services Project; a reduction starting in 2015-16 in funding for Food Safety Modernization projects which is in line with the approved investment plan; as well as the sunsetting of resources that the Agency received for other initiatives. The CFIA plans to seek renewal of these sunsetting resources either alone, or in collaboration with another department. Until the renewals are approved by Parliament, the CFIA cannot include these initiatives in Planned Spending.

With respect to the implementation of specific savings initiatives, on-going savings in the amount of $56 million will be achieved through: administrative efficiencies, such as sharing common administrative services between the CFIA and AAFC; as well as program changes to improve services and facilitate trade such as implementing agreed upon changes with the provinces with respect to the delivery of certain inspection activities under provincial jurisdiction and more effective response to animal diseases and plant pests. None of the measures affect delivery of the CFIA's front-line food safety services.

Agency Spending Trend



1.8 Estimates by Vote

For information on the Canadian Food Inspection Agency's organizational votes and/or statutory expenditures, please see the *Public Accounts of Canada 2013 (Volume II)*[iii]. An electronic version of the Public Accounts 2013 is available on the Public Works and Government Services Canada website.

Section II: Analysis of Programs and Sub-Programs by Strategic Outcome

2.1 How the Agency Plans and Reports Outcome

In accordance with the Treasury Board Secretariat's (TBS) Management, Resources and Results Structure (MRRS) Policy, the CFIA planning and reporting framework is based on a desired strategic outcome, a PAA, and an associated governance framework. The PAA is aligned with desired Government of Canada (GoC) outcomes and takes into consideration the impact of several factors – including the global and national environment, GoC priorities, CFIA strategic risks, CFIA's human and financial resource capacity, and the outcomes of the CFIA's past performance and related lessons learned.

This report highlights key accomplishments and gives an account of the progress made in advancing the plans and priorities identified in the CFIA's 2012–13 Reports on Plans and Priorities (RPP).

Section 2.2 of this report describes performance information, including highlights, challenges, lessons learned and expected results for the strategic outcome and measures it against targets through the use of compliance and other relevant performance indicators. Additionally, details are given on performance as it relates to special initiatives, risk mitigation strategies, and ongoing activities. Special focus is given to how this affects Canadians.

2.1.1 Assessment of Compliance and Performance Targets

Given the complexity and inherent variability of the agriculture, agri-food, forestry and fishery production, processing, and distribution sectors, the approach to assessing compliance varies across commodity groups. The CFIA uses a variety of tools to monitor and promote compliance, including inspections, audits, product sampling, and testing. The CFIA uses risk-based approaches that target the areas of highest risk. For example, the CFIA focuses its efforts on systems, processes, and facilities that directly affect the safety of food, animal, and plant health. The resulting compliance rates indicate the extent to which regulated parties have adhered to requirements specified in federal acts and regulations.

Qualitative and quantitative performance targets provide a basis for measuring the performance of regulated parties and of the CFIA in relation to how they achieve the results expected of them. The targets in this report are for critical program areas and are based either on historical averages of actual performance or on the expected results of effective programming (e.g. rate of industry compliance with regulatory standards). The CFIA has assessed the extent to which performance has met or exceeded established targets and provided analysis when performance fell below established targets. Targets for programs that monitor activities are set differently than those for programs that focus on specific areas of non-compliance. Where applicable, performance indicator results have been rounded to the nearest percentage.

2.2 Performance by Strategic Outcome

2.2.1 Strategic Outcome: A Safe and Accessible Food Supply and Plant and Animal Resource Base

Mitigating risks to food safety is the CFIA's highest priority, and the health and safety of Canadians is the driving force behind the design and development of CFIA programs. The CFIA, in collaboration and partnership with industry, consumers, and federal, provincial and municipal organizations, continues to work towards protecting Canadians from preventable health risks related to food and zoonotic diseases.

The current and future economic prosperity of the Canadian agriculture and forestry sectors relies on a healthy and sustainable animal and plant resource base. As such, the CFIA is continually improving its program design and delivery in the animal health and plant resource areas in order to minimize and manage risks. In an effort to protect the natural environment from invasive animal and plant diseases and plant pests, the CFIA also performs extensive work related to the protection of environmental biodiversity.

The CFIA supports Canadian agriculture and the ability of agri-food businesses to enter domestic and global markets and complete successfully therein. The Agency works to develop and implement regulatory frameworks that: address risks to consumers; enforce labelling information requirements (ensuring the information is not misleading); and ensure that imports and exports meet Canadian and international requirements. To support these objectives, the CFIA engages in outreach and consultation activities with key stakeholders and partners (including those in industry), consumers, and international trade and standards organizations so that its regulatory frameworks are based on the most current and relevant information, thereby remaining as up to date as possible within this rapidly evolving, global environment. In so doing, the CFIA is able to maintain open and transparent communication with its stakeholder and consumer base.

In the fall of 2011, the CFIA began a systematic review of its regulatory frameworks for food safety and plant and animal health. This regulatory review will allow the Agency to modernize and maintain Canada's food safety and animal and plant health systems while adapting to consumer, global and scientific trends through such mechanisms as outcome based approaches. Further information on the CFIA's work in this area can be found in Sections 2.2.1.1, 2.2.1.2, 2.2.1.3, and 2.2.1.4.

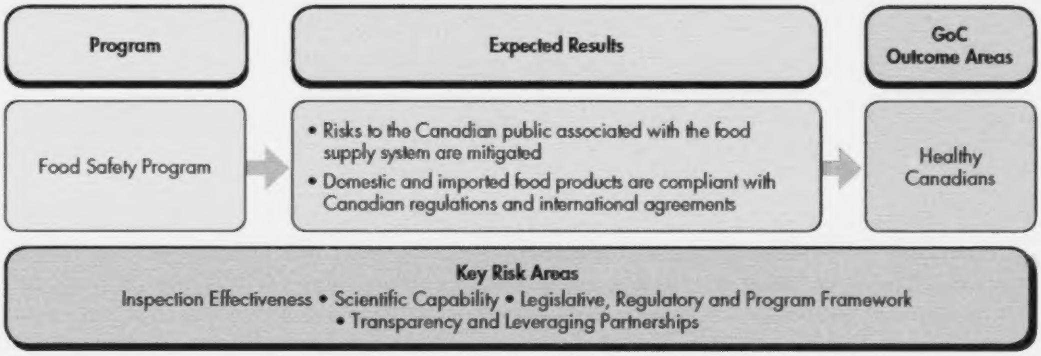
To successfully deliver on its strategic outcome, the CFIA has developed a robust risk management discipline, and it fosters the use thereof throughout the Agency. As such, the CFIA continually monitors and assesses its operating environment in order to be aware of threats and opportunities concerning the achievement of its desired outcome. A cornerstone of its risk management process is the development of an Agency-wide Corporate Risk Profile (CRP). Key strategic risks, as identified in the Agency's CRP, are:

- Management information and IM/IT infrastructure;
- Inspection effectiveness;
- Scientific capability;
- Legislative, regulatory and program framework;
- Managing change;
- Transparency and leveraging relationships; and
- Emergency management.

In order to mitigate these risks and achieve its strategic outcome, the Agency will, through the actions of its programs (Food Safety, Animal Health and Zoonotics, Plant Resources, International Collaboration and Technical Agreements), concentrate its efforts for 2012–13 on the delivery of key initiatives supporting the following four priorities:

- Building a **stronger foundation** to enable effective and efficient program delivery;
- **Working closely with partners** to optimize health and safety outcomes and economic objectives across jurisdictions;
- **Enhancing service** to improve results for regulated parties and consumers; and
- **Strengthening internal management** to enhance effectiveness.

2.2.1.1 Program 1: Food Safety Program



- Risks to the Canadian public associated with the food supply system are mitigated
- Domestic and imported food products are compliant with Canadian regulations and international agreements

Key Risk Areas
Inspection Effectiveness • Scientific Capability • Legislative, Regulatory and Program Framework • Transparency and Leveraging Partnerships

The Food Safety Program aims to mitigate risks to public health associated with diseases and other health hazards in the food supply system and to manage food safety emergencies and incidents. The program achieves its objectives by promoting food safety awareness through public engagement and verification of compliance by industry with standards and science-based regulations. The program delivers initiatives to verify that consumers receive food safety and nutrition information and to mitigate unfair market practices targeting consumers and industry. Collaboration with other governments and stakeholders further enhances the Agency's ability to track, detect and mitigate risks associated with food and the food supply system, including food-borne illness. This program supports public health and instils confidence in Canada's food system.

Financial Resources ($ millions) – For Program Level: Food Safety Program

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
304.8	340.3	369.5	353.6	13.3

Human Resources (FTEs) – For Program: Food Safety Program

Planned 2012–13	Actual 2012–13	Difference 2012–13
2997	3216	219

Table 2-1a: Summary of Performance by Program: Food Safety Program

Expected Result	Performance Indicators	Targets	Performance Status	
Risks to the Canadian public associated with the food supply system are mitigated	Number of commodity areas where federally-registered establishments meet established compliance targets[6]	6 out of 6 met	5 out of 6 met	
	Percentage of Public Warnings for Class I food recalls that are issued within 24 hours of a recall decision	100 %	100%	Met
	Percentage of Public Warnings for Class II food recalls that are issued within 24 hours of a recall decision[7]	95%	96%	Met
Domestic and imported food products are compliant with Canadian regulations and international agreements	Number of commodity areas where domestic food products meet established compliance targets[8]	6 out of 6 met	6 out of 6 met	
	Number of commodity areas where imported food products meet established compliance targets[9]	6 out of 6 met	5 out of 6 met	

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[6] **Performance Indicator in the 2012–13 RPP was:** Percentage of inspected federally registered establishments in compliance with federal regulations. **Rationale for change:** A count of the number of commodity areas that meet their targets is a better indicator of performance than an average of the areas compliance rates.

[7] **Performance indicator in the 2012–13 RPP was:** Percentage of all food recalls issued without an alert that are posted on the CFIA website within two working days. **The target was:** 95%. **Rationale for change:** This change brings the indicator into alignment with the Class I recall indicator.

[8] **Performance Indicator in the 2012–13 RPP was:** Percentage of domestic food products in compliance with federal regulations. **Rationale for change:** A count of the number of commodity areas that meet their targets is a better indicator of performance than an average of their compliance rates

[9] **Performance Indicator in the 2012–13 RPP was:** Percentage of imported food products in compliance with federal regulations. **Rationale for change:** A count of the number of commodity areas that meet their targets is a better indicator of performance than an average of their compliance rates

Performance Analysis and Lessons Learned

The increases from Planned to Actual Spending of $13.3 million and Planned to Actual FTEs of 219 are, in part, due to additional resources received from the government for various food safety activities. Actual Spending also reflects efficiencies in the implementation of the IMIT project under the Food and Consumer Safety Action Plan. These efficiencies came mainly from the use of commercially available sub-components, Government of Canada standard solutions, and capitalizing on internal shared services and infrastructure.

In addition to the above, the variances in the financial resources and the FTEs are also related to the realignment of the Agency's PAA in 2011–12. This realignment saw the CFIA reduce from 8 Programs to 5. During this realignment, the CFIA worked hard to accurately align its Planned Spending and FTEs to the revised Programs. However, while preparing the 2011–12 DPR, it was noticed that some Planned Spending and FTEs did not properly align with the corresponding actual amounts. This same issue affects the 2012–13 information. This issue was corrected in the 2013–14 Report on Plans and Priorities.

Safe Food for Canadians Act

Food in Canada is currently regulated under a suite of different statutes[iv]: the *Food and Drugs Act*, the *Fish Inspection Act*, the *Meat Inspection Act*, the *Canada Agricultural Products Act*, and the *Consumer Packaging and Labelling Act*. While these food statutes have served Canadians well, the time has come to have stronger and more modern statutes to manage and mitigate today's risks to food safety, while ensuring that Canadian industry has continued opportunities in international trading markets. To achieve this, the Government of Canada tabled the *Safe Food for Canadians Act*[v] on June 7, 2012. The *Act* received Royal Assent on November 22, 2012 and is expected to come into force in the near future. This *Act* consolidates the four existing *Acts* and will allow the CFIA to create new regulations that provide the necessary legal framework for a single, consistent approach to strengthening overall food inspection in Canada, including strengthening oversight of food commodities being traded inter-provincially or internationally. The *Act* focuses on three important areas:

- improved food safety oversight to better protect consumers,
- streamlined and strengthened legislative authorities, and
- enhanced international market opportunities for Canadian industry.

In the near future, the CFIA will work with consumer groups and industry to develop new regulations to support the *Act*. During this period, the CFIA will also launch a number of significant food safety enhancements.

Safe Food for Canadians Action Plan

The passage of the *Safe Food for Canadians Act* in November 2012 set the stage for important changes to Canada's food safety system. These changes are aimed at better protecting consumers and Canadian families from food safety risks. To achieve this, the Government of Canada is taking further action to strengthen Canada's world-class food safety system with the launch of the Safe Food for Canadians Action Plan[vi]. The Action Plan builds on previous Government of Canada food safety enhancements and focuses on continuous improvement based on science, global trends, and best practices. The Action Plan also provides a strong footing upon which to base the Government's response to the recommendations of the Independent Advisory Panel that investigated the XL Food recall in the fall of 2012. This plan aims to modernize the Canadian food safety system, one of the best food safety systems in the world, through:

- stronger food safety rules;
- more effective inspection;
- a commitment to service; and
- more information for consumers.

Safe Food for Canadians Regulations

In 2012–13, as part of the Safe Food for Canadians Action Plan, the CFIA began a systematic review of the *Meat Inspection Regulations*, the *Fish Inspection Regulations*, the regulations under the *Canada Agricultural Products Act* and the food related provisions of the *Consumer Packaging and Labelling Regulations* with the goal of developing a new regulatory framework under the *Safe Food for Canadians Act*. The proposed regulatory modernization will replace thirteen federal food inspection regulations with one single set of regulations. This will include:

- horizontal provisions applying to all food imported and prepared for trade inter-provincially (e.g. licensing, preventive controls, traceability for exports and inter-provincial trade, and record-keeping);
- commodity-specific food safety requirements (e.g. fresh fruit and vegetables);
- commodity-specific trade requirements and consumer protection provisions (e.g. standards of identity, country or origin labelling, commodity specific consumer protection requirements, and horizontal labelling requirements); and
- complementary regulations regarding disclosure of information and administrative monetary penalties.

The proposed regulatory framework was released for public consultation at the Food Safety Regulatory Forum in June, 2013. To support the consultation process, the CFIA developed a discussion paper that sets out a proposed framework for new regulations, including specific proposals to stimulate debate, generate ideas, and provide a starting point for discussions. The consultation period on the proposed regulatory framework will end on November 30, 2013.

As part of a comprehensive review of its regulatory frameworks, the CFIA continued to advance on other regulatory proposals, such as: repealing the regulatory requirements concerning pre-market registration of labels and recipes under the *Meat Inspection Regulations*, and the registration of labels under the *Processed Products Regulations*, the requirements to use registered construction and packaging materials and chemicals in the *Fish Inspection Regulations*; and the requirements to use registered chemical agents and cleaning compounds under the *Egg Regulations*.

Food Inspection Modernization

In 2012–13 the Agency continued to leverage the funding announced in Budget 2011, which provided the CFIA with $100 million over five years to modernize its inspection system. The CFIA drafted a proposed improved food inspection model that establishes common inspection procedures and tools, regardless of the food commodity being inspected, and is founded on the premise of focusing inspection on the basis of ongoing scientific analysis of food safety risks. This first draft was developed through the involvement of key internal and external stakeholders. Between July and November 2012, the CFIA held internal and external consultations on the first draft of the proposed model. Consultations involved almost 50 agencies, departments, industry groups, unions, consumer associations and international communities.

A technical working group was formed in early July 2012 to develop and compile policies, procedures, protocols, forms, illustrations and detailed descriptions of the inspection procedures for the components of the proposed model framework. Feedback from the initial consultations with front-line inspectors, collective bargaining agents, industry groups and consumers informed the development of a second draft. Consultation on this second draft took place from November 2012 to March 2013, using webinars and face-to-face meetings.

Similar to other regulatory agencies around the world, the CFIA uses scientific knowledge to inform the planning of its oversight and inspection activities (inspection, audits, directed sampling and testing, surveillance, etc.) In 2012–13, the CFIA initiated the development of a Risk-Based Inspection Oversight Model (RBIO) that will improve the consistency of risk-based decisions when planning the use of its inspection resources. To support the ongoing implementation of this framework, the CFIA uses various information sources (environmental scanning, Codex Alimentarius standards, effectiveness of industry's preventive controls plans, etc.) and has implemented a number of monitoring and surveillance programs to expand its understanding of existing food-hazard combinations.

Pathogen Reduction Initiative

In an effort to improve detection of and response to foodborne threats, the CFIA continued the implementation of the pathogen reduction initiative. In 2012–13, in collaboration with provinces and territories, the CFIA advanced its national baseline study for *Salmonella* and *Campylobacter* in broiler chicken by completing the sampling phase and initiating the testing phase. The information collected through this baseline study will contribute to the development of pathogen reduction programs in poultry and serve as a benchmark to measure the effectiveness of intervention measures. This baseline study is part of the broader Federal/Provincial/Territorial (FPT) Pathogen Reduction Initiative aimed at decreasing the health risks and economic impact of food-borne pathogens in Canadian meat and poultry.

Integrated Laboratory Network

In an effort to improve laboratory responses to national foodborne emergencies, the CFIA and its provincial, territorial, academic and industrial partners continued to advance work on the development of a national network of laboratories. This network will allow for a more effective exchange of scientific, surveillance and monitoring information while harmonizing laboratory methods and tools. Specifically, a strong foundation for the initiative was established through the definition of a formal governance structure that includes a federal, provincial, and territorial steering committee supported by a technical working group. As well, an Integrated Laboratory Network Strategy was developed that focuses on:

- standardizing and coordinating national laboratory capacity;
- meeting increased demands for laboratory services;
- managing and addressing food-related emergencies; and
- providing future consideration of electronic sharing of scientific data and information nationally.

Enhanced Surveillance

In 2012–13, the CFIA continued leveraging funds from Budget 2012 to enhance surveillance of potential foodborne illness outbreaks. The CFIA participated in the federal, provincial, territorial surveillance task team that completed an inventory of Federal Provincial Territorial (F/P/T) food safety surveillance activities in Canada. The resulting analysis will form the basis for collaborative F/P/T priority setting, improve information sharing among partners, and leverage existing food safety initiatives.

Food and Consumer Safety Action Plan

The CFIA continued making significant progress in implementing its portion of the Government of Canada's Food and Consumer Safety Action Plan and the associated user fee were published in Canada Gazette I and the proposed *Imported Food Sector Regulations* will enable better identification of unsafe foods and ingredients and allow the CFIA to identify and engage importers. In anticipation of the implementation of these regulations, pilot projects on both the compliance verification approach and a web-based licence management system were conducted to identify issues prior to roll-out.

Work also continued on food safety risk scanning and prioritization. Progress in this area included expanding the list of food hazard combinations to be included for risk ranking. These activities contribute to the Agency's risk mapping capability and enable the identification of gaps in food safety controls and potential intervention points in the farm to fork continuum. As an example, a risk profile, which is a compilation of scientific information on a specific food hazard combination, was completed for *E.coli* in spinach.

In support of transparency, the CFIA published the results of its chemical residue and microbiological targeted surveys and updated Product of Canada information on its website[vii].

The CFIA also conducted twelve Product of Canada[viii] labelling investigations while continuing to monitor compliance with guidelines through its inspection and label verification activities and responding to inquiries, complaints and referrals related to the interpretation and implementation of the revised policy.

In 2012–13, the CFIA continued to engage with its regulatory counterparts in QUAD governments (Canada, US, Australia, New Zealand) to enhance regulatory cooperation and information exchange regarding food safety, to collaborate with its counterparts in other governments (e.g. China, Mexico, Guatemala, India) to advance relationship building as it concerns food safety. The CFIA also continued its participation in Codex Working Groups, including the review and development of the Codex Annexes on melons and berries.

Further efforts involved targeted oversight of imported products with the completion of 69 border blitz inspections and 550 import surveillance activities, as well as, IM/IT infrastructure and information enhancements for tracking imported food products.

With the CFIA's enhanced recall capacity, over 250 food recall incidents related to non-federally registered and fresh fruit and vegetable products were managed, this included responding to over 2,600 web-based enquiries. As for Service Canada, they received over 4,800 requests for information regarding recalls.

Sub-Program: Meat and Poultry

Financial Resources ($ millions) – For Sub-Program Level: Meat and Poultry

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
177.2	191.2	14.0

Human Resources (FTEs) – For Sub-Program Level: Meat and Poultry

Planned 2012–13	Actual 2012–13	Difference 2012–13
1695	1819	124

Table 2-1b: Summary of Performance by Sub-Program Level: Meat and Poultry

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered meat and poultry establishments meet federal regulations	Percentage of inspected federally registered meat and poultry establishments in compliance with federal regulations	98%	94%	Not Met
Meat and poultry products for domestic consumption meet federal regulations	Percentage of tested domestic meat and poultry products in compliance with federal regulations	95%	98%	Met
	Percentage of tested imported meat and poultry products in compliance with federal regulations	95%	99%	Met

Performance Analysis and Lessons Learned

Although this year's compliance rate (94%) was below the target rate of 98%, this is a marked improvement over last year (92%). The performance improvement was most likely dampened due to the fact that, in 2012–13, the CFIA conducted intensified inspection activities in response to several high visibility food safety incidents. The intensified inspection activities may have resulted in a higher number of non-compliant establishments which would have reduced the overall improvement in the compliance rate for 2012–13. The CFIA will continue to work closely with industry to improve the compliance rate of federally registered meat and poultry establishments.

XL Food Recall

On September 4, 2012 the CFIA identified Escherichia Coli (E. Coli) 0157:H7 in products supplied by the XL Foods Inc. plant in Brooks, Alberta. The CFIA issued its first recall alert on September 16, 2012 and provided 20 consecutive expansions/updates until October 20, 2012. During this period, the CFIA continued its food safety investigation and CFIA inspectors also continued enhanced supervision of ongoing operations at the plant.

The Public Health Agency of Canada reported 18 confirmed cases of human illness due to this contamination of E. Coli 0157:H7. Following the recall by XL Foods Inc, the Government of Canada appointed an Independent Expert Advisory Panel to conduct a review of events and circumstances related to the XL Foods Inc. E. coli O157:H7 investigation and recall. The advisory panel completed its review and released the report[ix] on June 5, 2013.

The Panel found that all key players interviewed expressed a keen desire to ensure that the food Canadians eat is safe. However, the panel also found that responsibilities towards food safety programs were not always met. The Government has accepted all of the recommendations of the Independent Panel and the CFIA, and Health Canada and the Public Health Agency of Canada are working together to address all 30 recommendations. Further progress on the implementation of the recommendations will be provided in future DPR's.

The recently announced Safe Food for Canadians Action Plan closely aligns with many of the panel's recommendations. For example, several of the recommendations are fully or partially addressed through enhancements to E. coli O157 controls, which were announced on May 17. Additionally, the Minister of Agriculture and Agri-Food announced the creation of Inspection Verification Teams (IVTs) to oversee the performance of the entire food safety system. The IVTs are meant to ensure that the overall food safety system is effective and that food safety rules and standards are consistently and thoroughly followed and enforced.

Meat Hygiene Pilot

The Meat Hygiene Pilot, a project aimed at simplifying requirements for establishments involved in the slaughter, processing or packaging of meat products traded inter-provincially, was completed in 2012–13. The pilot resulted in regulatory changes that will allow establishments to apply to become federally registered. This will facilitate the inter-provincial trade of meat, while maintaining food safety standards. The first set of the regulatory amendments were published in Canada Gazette II in November 2011 and complementary amendments to the Meat Hygiene Manual of Procedures have been made and implemented. A second set of regulatory amendments were pre-published in Canada Gazette I in April 2012.

Listeria policy

In 2012–13, the CFIA continued work in relation to Health Canada's revised Listeria Policy. Guidance materials have been developed and communicated to industry sectors to promote the effective implementation of the new policy. Significant progress was made toward the validation of new laboratory methods for more rapid analysis of samples, while laboratory analytical capacity continued to be augmented. The Agency also integrated enhanced verification and inspection activities, as well as the collection and evaluation of environmental samples, into its existing inspection work plans.

Sub-Program: Egg

Financial Resources ($ millions) – For Sub-Program Level: Egg

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
9.7	9.6	(0.1)

Human Resources (FTEs) – For Sub-Program Level: Egg

Planned 2012–13	Actual 2012–13	Difference 2012–13
79	85	6

Table 2-1c: Summary of Performance by Sub-Program Level: Egg

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered shell egg establishments meet federal regulations	Percentage of inspected federally registered shell egg establishments in compliance with federal regulations	98%	98%	Met
Shell egg and egg products for domestic consumption meet federal regulations	Percentage of tested domestic shell egg and egg products in compliance with federal regulations	95%	97%	Met
	Percentage of tested imported shell egg and egg products in compliance with federal regulations	95%	100%	Met

Sub-Program: Dairy

Financial Resources ($ millions) – For Sub-Program Level: Dairy

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
12.9	12.8	(0.1)

Human Resources (FTEs) – For Sub-Program Level: Dairy

Planned 2012–13	Actual 2012–13	Difference 2012–13
109	117	8

Table 2-1d: Summary of Performance by Sub-Program Level: Dairy

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered dairy establishments meet federal regulations	Percentage of inspected federally registered dairy establishments in compliance with federal regulations	98%	100%	Met
Dairy products for domestic consumption meet federal regulations	Percentage of tested domestic dairy products in compliance with federal regulations	95%	97%	Met
	Percentage of tested imported dairy products in compliance with federal regulations	95%	96%	Met

Sub-Program: Fish and Seafood

Financial Resources ($ millions) – For Sub-Program Level: Fish and Seafood

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
46.0	45.8	(0.2)

Human Resources (FTEs) – For Sub-Program Level: Fish and Seafood

Planned 2012–13	Actual 2012–13	Difference 2012–13
387	415	28

Table 2-1e: Summary of Performance by Sub-Program Level: Fish and Seafood

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered fish and seafood establishments meet federal regulations	Percentage of inspected federally registered fish and seafood establishments in compliance with federal regulations	98%	98%	Met
Fish and seafood products for domestic consumption meet federal regulations	Percentage of tested domestic fish and seafood products in compliance with federal regulations	95%	99%	Met
	Percentage of tested imported fish and seafood products in compliance with federal regulations	95%	91%	Not Met

Performance Analysis and Lessons Learned

The fish and seafood program's risk-based sampling approach resulted in the rejection of 16 lots of imported fish with 6 of those lots rejected due to veterinary drug residues in farmed fish from one specific market. The CFIA is currently working on a strategy to address this compliance issue. If those 6 cases are removed from the data set the resulting compliance rate is 94.4%, very close to the target and an improvement over last year's compliance rate.

Sub-Program: Fresh Fruit and Vegetables

Financial Resources ($ millions) – For Sub-Program Level: Fresh Fruit and Vegetables

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
26.1	26.0	(0.1)

Human Resources (FTEs) – For Sub-Program Level: Fresh Fruit and Vegetables

Planned 2012–13	Actual 2012–13	Difference 2012–13
207	222	15

Table 2-1f: Summary of Performance by Sub-Program Level: Fresh Fruit and Vegetables

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered fresh fruit and vegetables establishments meet federal regulations	Percentage of inspected federally registered fresh fruit and vegetable establishments in compliance with federal regulations	98%	99%	Met
Fresh fruit and vegetable products for domestic consumption meet federal regulations	Percentage of tested domestic fresh fruit and vegetable samples in compliance with federal regulations	95%	98%	Met
	Percentage of tested imported fresh fruit and vegetables samples in compliance with federal regulations	95%	95%	Met

Sub-Program: Processed Products

Financial Resources ($ millions) – For Sub-Program Level: Processed Products

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
12.1	12.1	0.0

Human Resources (FTEs) – For Sub-Program Level: Processed Products

Planned 2012–13	Actual 2012–13	Difference 2012–13
99	106	7

Table 2-1g: Summary of Performance by Sub-Program Level: Processed Products

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered processed products establishments meet federal regulations	Percentage of inspected federally registered processed products establishments in compliance with federal regulations	98%	98%	Met
Processed products for domestic consumption meet federal regulations	Percentage of tested domestic processed products in compliance with federal regulations	95%	98%	Met
	Percentage of tested imported processed products in compliance with federal regulations	95%	98%	Met

Sub-Program: Imported and Manufactured Food Products

Financial Resources ($ millions) – For Sub-Program Level: Imported and Manufactured Food Products

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
56.3	56.1	(0.2)

Human Resources (FTEs) – For Sub-Program Level: Imported and Manufactured Food Products

Planned 2012–13	Actual 2012–13	Difference 2012–13
421	452	31

Table 2-1h: Summary of Performance by Sub-Program Level: Imported and Manufactured Food Products

Expected Result	Performance Indicators	Targets	Performance Status	
Risks to the Canadian public associated with imported and manufactured food (IMF) products are mitigated	Percentage of major health risks in the imported and manufactured food sector that are addressed through the annual update to food safety inspection programs	95%	100%	Met
	Percentage of inspected IMF products with accurate net quantity, composition, labelling and advertising	70%[10]	94%	Met

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[10] IMF inspections are risk based, and inspectors focus on products they suspect to be non-compliant rather than a cross-section of products. Therefore, the IMF program has set a compliance target of 70%, which is not indicative of marketplace compliance in general.

Performance Analysis and Lessons Learned

Food Labelling Modernization

To respond to emerging trends and challenges, and to address Canadian's interest for more information about the products they buy, the CFIA explored ways to improve Canada's food labelling system. More specifically, the CFIA developed a proposed approach that responds to recommendations to move toward a more modern and innovative food labelling system through alignment with the *Safe Food for Canadians Act*. The Food Labelling Modernization initiative will require engagement and input from external stakeholders, including consumers. Public consultations were launched in June 2013.

The CFIA also undertook preliminary work towards the development of an online labelling tool that will provide industry and consumers with a way to easily access information regarding regulatory requirements for labelling food. The intent of this tool is to create greater industry awareness of, understanding of, and compliance with labelling requirements for a broad range of information (e.g. net quantity; date markings; nutrition labelling; bilingual labelling, and legibility and location). The CFIA expects to launch the labelling tool in 2014–15. During its development, industry and other stakeholders will be consulted to ensure that this new tool meets its desired outcome.

Additionally, the CFIA developed the regulatory proposal necessary to implement the Budget 2012 decision to increase efficiency by eliminating the mandatory pre-approval of labels for meat and processed products for industry. The CFIA continues to enforce compliance of regulatory requirements for labelling and claims through inspection and enforcement activities.

2.2.1.2 Program 2: Animal Health and Zoonotics Program

Program	Expected Results	GoC Outcome Areas
Animal Health and Zoonotics Program	• Risks to Canadians from the transmission of animal diseases to humans are minimized • Domestic and imported animals and animal products are compliant with Canadian regulations and international agreements • Risks to the Canadian animal resource base are mitigated • Effective preparedness to prevent, control, and eradicate transboundary diseases and emerging diseases • Disease outbreaks in Canada are promptly and effectively responded to	Healthy Canadians

Key Risk Areas
Inspection Effectiveness • Scientific Capability • Legislative, Regulatory and Program Framework • Transparency and Leveraging Partnerships

The Animal Health and Zoonotics Program aims to mitigate risks to Canada's animal resource base, animal feeds and animal products, which are integral to a safe and accessible food supply system as well as to public health. The program achieves its objectives by mitigating risks to Canada's animals (including livestock and aquatic animals) from regulated diseases, managing animal disease emergencies and incidents, mitigating and managing risks to livestock and derived food products associated with feed, promoting animal welfare and guarding against deliberate threats to the animal resource base. The program helps to mitigate risks associated with animal diseases that can be transmitted to humans by controlling diseases within animal populations. This program supports the health of Canada's animal resources and instils confidence in the safety of Canada's animals, animal products and by-products, and production systems.

Financial Resources ($ millions) – For Program Level: Animal Health and Zoonotics Program

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
132.5	132.5	210.7	175.4	42.9

Human Resources (Full-Time Equivalents — FTEs) – For Program: Animal Health and Zoonotics Program

Planned 2012–13	Actual 2012–13	Difference 2012–13
1524	1118	(406)

Table 2-2a: Summary of Performance by Program: Animal Health and Zoonotics Program

Expected Result	Performance Indicators	Targets	Performance Status	
Risks to Canadians from the transmission of animal diseases to humans are minimized	Number of reportable animal diseases that have entered into Canada via specified regulated pathways[11]	0 Entries	0 Entries	Met
	Percentage of cases where investigations were completed following the positive identification of a reportable zoonotic disease[12]	100%	100%	Met
Domestic and imported animals and animal products are compliant with Canadian regulations and international agreements	Percentage of legally exported animal and animal product shipments destined for foreign markets that meet certification requirements[13]	99%	100%	Met
	Canada's status on the OIE[14] disease risk status lists remains either "free, controlled risk, or negligible risk"[15]	Status maintained	Status maintained	Met
Risks to the Canadian animal resource base are mitigated	Percentage of cases where investigations were completed following the positive identification of a reportable animal disease[16]	100%	100%	Met

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[11] **Performance indicator in the 2012–13 RPP was:** Percentage of reportable animal diseases that have entered into Canada via specified regulated pathways. **The target was:** Historical trend (Year over Year). **Rationale for change:** With very few entries of reportable animal diseases into Canada, a number count is a more meaningful measure.

[12] **Performance indicator in the 2012–13 RPP was:** Percentage of response to zoonotic diseases and epidemiological investigations that are completed within service standards. **Rationale for change:** The indicator text needed to be restructured to clarify exactly what the indicator was intended to measure.

[13] **Performance indicator in the 2012–13 RPP was:** Percentage of certified animal and animal products shipments that meet the receiving country's import requirements. **Rationale for change:** The indicator text needed to be restructured to clarify exactly what the indicator was intended to measure.

[14] World Organisation for Animal Health

[15] **Performance indicator in the 2012–13 RPP was:** Canada is on the list of OIE countries that are free from stipulated reportable animal diseases. **Target was:** Canada is on the list each year. **Rationale for change:** The indicator text needed to be restructured to clarify exactly what the indicator was intended to measure.

[16] **Performance indicator in the 2012–13 RPP was:** Percentage of response to disease and epidemiological investigations that are completed within service standards. **Rationale for change:** The indicator text needed to be restructured to clarify exactly what the indicator was intended to measure.

Expected Result	**Performance Indicators**	**Targets**	**Performance Status**	
Effective preparedness to prevent, control, and eradicate trans-boundary diseases and emerging diseases	Manuals for CFIA officials are updated as needed[17]	All necessary manual updates are completed	All necessary manual updates were completed	Met
	Number of emergency preparedness simulation exercises in which CFIA participates[18]	9	10	Met
Disease outbreaks in Canada are promptly and effectively responded to	Percentage of detections of reportable transboundary diseases and significant emerging diseases in which an investigation was commenced in a timely fashion[19]	100%	There were no cases of transboundary and significant emerging diseases	Not Applicable
	Percentage of cases where CFIA communicated with key stakeholders in a timely fashion following the confirmation of a transboundary or significant emerging disease[20]	100%	There were no cases of transboundary and significant emerging diseases	Not Applicable

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[17] **Performance indicator in the 2012–13 RPP was:** Systematic scheduled review and update if necessary, of manuals for CFIA animal health officials and guidance documents for industry. **The target was:** Once every two years. **Rationale for change:** The indicator was refined to focus on the most important measure of progress towards improving and/or maintaining preparedness.

[18] **Performance indicator in the 2012–13 RPP was:** Number of emergency preparedness simulation exercises conducted versus planned. **The target was:** One every two years. **Rationale for change:** Indicator changed to clarify that we are measuring CFIA's involvement in preparedness exercises

[19] **Performance indicator in the 2012–13 RPP was:** Percentage of suspected cases of trans-boundary diseases and significant emerging diseases in which investigation was commenced within 24 hours of identification. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

[20] **Performance indicator in the 2012–13 RPP was:** Percentage of cases in which the CFIA communicated with key stakeholders within 24 hours of confirming cases of trans-boundary diseases and significant emerging diseases. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

Performance Analysis and Lessons Learned

The increase from Planned to Actual Spending of $42.9 million is mainly due to an increase in statutory compensation payments as well as resources received to continue the Growing Forward Program Suite.

In addition to the above, the variances in the financial resources and the FTEs are also related to the realignment of the Agency's PAA in 2011–12. This realignment saw the CFIA reduce from 8 Programs to 5. During this realignment, the CFIA worked hard to accurately align its Planned Spending and FTEs to the revised Programs. However, while preparing the 2011–12 DPR, it was noticed that some Planned Spending and FTEs did not properly align with the corresponding actual amounts. This same issue affects the 2012–13 information. This issue was corrected in the 2013–14 Report on Plans and Priorities.

During the 2012–13 fiscal year, the Agency modernized its program policy framework as it relates to animal health:

- The CFIA led a working group consisting of representatives from F/P/T governments, and industry that developed criteria for categorizing animal disease in Canada. This will allow the Agency to enhance its system of animal disease control and provide a more seamless response to emerging zoonotic disease threats;
- With regards to feed, the Agency identified and engaged stakeholders in an effort to align feed regulations with strategic objectives, reduce unnecessary burden on stakeholders, and support innovation by keeping pace with changes in science and technology. In terms of program delivery, this improves the CFIA's consistency and reduces complexity; and
- The Agency also promoted global harmonization and collaboration among international animal health product regulatory agencies, with the objective of streamlining regulatory processes and facilitating timely access to veterinary biologics. This facilitates Canada's market access.

Sub-Program: Terrestrial Animal Health

Financial Resources ($ millions) – For Sub-Program Level: Terrestrial Animal Health

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
104.9	114.9	10.0

Human Resources (FTEs) – For Sub-Program: Terrestrial Animal Health

Planned 2012–13	Actual 2012–13	Difference 2012–13
1139	836	(303)

Table 2-2b: Summary of Performance by Sub-Program: Terrestrial Animal Health

Expected Result	Performance Indicators	Targets	Performance Status	
Federally registered veterinary biologics establishments meet federal regulations	Percentage of inspected federally registered veterinary biologics establishments in compliance with federal regulations	90%[21]	100%	Met
Veterinary biological products in compliance with federal regulations	Percentage of tested veterinary biological products in compliance with federal regulations	100%	100%	Met
Animals in Canada are transported humanely	Percentage of inspected live loads in compliance with humane transport standards	100%	99%	Not Met

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[21] The target is set comparatively low because of the low frequency of inspections each year (few facilities / varying requirements for inspection). If the target were set higher, a small number of non-compliances would carry too much statistic significance. It should be noted that the CFIA achieved 100% compliance in 2012–13.

Performance Analysis and Lessons Learned

Traceability

In an effort to promote compliance, the CFIA developed and distributed communication products to regulated parties across Canada. This communication campaign had a particular focus on the new pig traceability requirements, which were published in Canada Gazette I during 2012–13. In order to maintain inspection quality and consistency, the CFIA updated the program's manual of procedures and required all inspectors verifying compliance with traceability met training obligations. The CFIA also developed additional traceability information sharing agreements with the provinces. Using these agreements, the CFIA worked collaboratively with provinces and industry to launch the Traceability National Information Portal (TNIP), which provides single window access to traceability information. The completion of this initiative will improve the CFIA's service delivery and ensure that regulators at all levels can make informed decisions to effectively manage issues related to animal health. Additionally, the CFIA successfully solicited feedback from stakeholders on proposed changes to the *Health of Animals Act* intended to strengthen livestock and poultry traceability in Canada. These amendments to the *Health of Animals Act* came into force during 2012–13 with the passage of Bill S-11.

Surveillance

To support and maintain a modernized and efficient surveillance system that supports animal health programs and facilitates market access, the CFIA has created an inventory of animal disease surveillance and testing activities. Based on this, the Agency developed a prioritized Animal Disease Surveillance Plan, which utilizes an internationally recognized prioritization approach. For example, following the detection of Schmallenberg virus in Europe, (where it is causing a range of symptoms in cattle including fever, diarrhea, reduced milk yield and birth defects), the CFIA implemented a new import measure. This import control mandates that animals must test negative for Schmallenberg virus before their semen or embryos can enter Canada from countries in the European Union. Through this policy, the CFIA is working to protect the national herd from production losses and economic consequences associated with this emergent animal disease.

In 2012–13, as part of its ongoing commitment to maintaining the effectiveness and efficiency of its operational program delivery, the animal health program updated its manuals of procedures and hazard specific plans. In support of this, and due in part to the 2010 OAG report on animal diseases, the CFIA developed hazard-specific plans and procedures for higher risk diseases such as Foot-and-Mouth Disease (FMD) and Avian Influenza. The CFIA strengthened its approach to controlling avian influenza in domestic poultry by adding low pathogenicity H5 and H7 avian influenza viruses to the list of reportable diseases. The updated manuals and procedures have been posted on the CFIA's internal website for reference and use by CFIA staff and will be continually reviewed and revised as needed.

Humane Transportation

As part of the management response and action plan for the Evaluation of Administrative Monetary Penalties (2012), a review was done of Schedule 1 of the Agriculture and Agri-Food Administrative Monetary Penalties Regulations to ensure the clarity of the language used and that the classification of violations represent current practice. Additionally, regulations that will enhance animal welfare controls remain under revision. Upon finalization, these regulations will provide the CFIA with increased enforcement capacity to better protect the health and welfare of animals being transported. The CFIA is also continuing to work toward providing operational training to inspectors in order to strengthen awareness regarding the humane transport of animals. The CFIA is also a member of the National Farm Animal Care Council (NFACC) and, as a participating member, worked to:

- develop Codes of Practice[x] for the care and handling of farm animals;
- create a process for the development of animal care assessment programs[xi]; and
- provide a forum for open dialogue on farm animal welfare.

Sub-Program: Aquatic Animal Health

Financial Resources ($ millions) – For Sub-Program Level: Aquatic Animal Health

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
6.4	39.0	32.6

Human Resources (FTEs) – For Sub-Program: Aquatic Animal Health

Planned 2012–13	Actual 2012–13	Difference 2012–13
106	77	(29)

Table 2-2c: Summary of Performance by Program: Aquatic Animal Health

Expected Result	Performance Indicators	Targets	Performance Status	
Domestic aquatic animals and their products are compliant with Canadian regulations and meet the standards of international agreements	Percentage of certified aquatic animal and aquatic animal product shipments that meet the receiving country's import requirements	99%	99%	Met
Risks to the Canadian aquatic animal resource base are mitigated	Number of reportable aquatic animal diseases that have entered into Canada via specified regulated pathways	0	0	Met

Performance Analysis and Lessons Learned

To ensure that domestic aquatic animals and products are compliant with Canadian legal requirements and meet the standards of international agreements, the CFIA continued development of the National Aquatic Animal Health Program (NAAHP). This involved a phased-in implementation approach of import controls for aquatic animals under the Health of Animals Regulations. Additionally, for the majority of aquatic animal trade covered by the new import requirements, export certificates have been negotiated with Canada's largest trade partners.

Program efficiencies within the Aquatic Animal Health Import Program are being realized through various strategic approaches such as the implementation of a compartmentalization program, biosecurity measures, and regionalization. These strategic approaches have helped reduce the costs of testing and inspections, and also reduced the workload, for both the federal government and industry, associated with the implementation of import controls. Additionally, an information sharing and engagement process with Aboriginal groups on the proposed Domestic Movement Control Programs under NAAHP has been developed and implemented.

Lastly, in order to get a more complete picture of the health profile of the salmon populations in British Columbia, the NAAHP, in collaboration with Fisheries and Oceans Canada (DFO), the Province of British Columbia and industry, have implemented a surveillance initiative targeting both cultured and wild salmon species to investigate the presence of infectious salmon anaemia (ISA), infectious haematopoietic necrosis (IHN) and infectious pancreatic necrosis (IPN). During the 2012–13 year, the CFIA began collecting and testing wild salmon off the coast of British Columbia. Through this initiative, approximately 5,000 wild salmon will be collected and studied annually for a minimum of two years.

Sub-Program: Feed

Financial Resources ($ millions) – For Sub-Program Level: Feed

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
21.2	21.5	0.3

Human Resources (FTEs) – For Sub-Program: Feed

Planned 2012–13	Actual 2012–13	Difference 2012–13
279	205	(74)

Table 2-2d: Summary of Performance by Program: Feed

Expected Result	Performance Indicators	Targets	Performance Status	
Feed establishments meet federal regulations	Percentage of inspected feed establishments in compliance with Feeds Regulations and Health of Animals Regulations (Feed Ban), after follow-up, not including labelling tasks	95%	97%	Met
Feed labels meet federal regulations	Percentage of inspected feed facilities in compliance with Feeds Regulations and Health of Animals Regulations (Feed Ban), after follow-up, when assessed against inspection tasks associated with labelling	95%	97%	Met

2.2.1.3 Program 3: Plant Resources Program

Program	**Expected Results**	**GoC Outcome Areas**
Plant Resources Program	• Risks to the Canadian plant resource base from imported plants and plant products are mitigated • Domestic plants and plant products are compliant with Canadian regulations and international agreements • Confirmed introductions of quarantine pests in Canada are contained and risk-mitigated (e.g. through the issuance of Notices of Prohibition of Movement, Quarantine, up to and including the issuance of Ministerial Orders) • Canadian exports of plants and plant products meet the country of destination regulatory requirements and Canada's reputation is maintained	A Clean and Healthy Environment

Key Risk Areas
Inspection Effectiveness • Scientific Capability • Legislative, Regulatory and Program Framework
• Transparency and Leveraging Partnerships

The Plant Resources Program aims to mitigate risks to Canada's plant resource base, which is integral to a safe and accessible food supply, as well as to public health and environmental sustainability. The program achieves its objectives by regulating agricultural and forestry products; mitigating risks to the plant resource base (including crops and forests) from regulated pests and diseases; regulating the safety and integrity of seeds, fertilizers and plant products; and managing plant health emergencies and incidents. The program also guards against deliberate threats to the plant resource base, facilitates the introduction of emerging plant technologies and protects the rights of plant breeders. Achieving the objectives of the program instils confidence in Canada's plants, plant production systems and plant products, and contributes to the health of Canada's plant resources.

Financial Resources ($ millions) – For Program Level: Plant Resources Program

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
84.4	86.6	93.5	89.0	2.4

Human Resources (FTEs) – For Program: Plant Resources Program

Planned 2012–13	Actual 2012–13	Difference 2012–13
830	849	19

Table 2-3a: Summary of Performance by Program Level: Plant Resources Program

Expected Results	Performance Indicators	Targets	Performance Status	
Risks to the Canadian plant resource base from imported plants and plant products are mitigated	Number of regulated foreign plant pests that enter into Canada through regulated pathways and establish themselves[22]	0	0	Met
Domestic plants and plant products are compliant with Canadian regulations and international agreements	Percentage of domestic seed, crop inputs and plants with novel traits in compliance with Canadian regulations and international agreements[23]	90%[24]	93%	Met
Confirmed introductions of quarantine pests in Canada are contained and risk-mitigated (e.g. through the issuance of Notices of Prohibition of Movement, Quarantine, up to and including the issuance of Ministerial Orders)[25]	Percentage of confirmed introductions of quarantine pests for which notices are issued[26]	100%	100%	Met
	Percentage of notices issued in a timely manner	90%[27]	100%	Met
Canadian exports of plants and plant products meet the country of destination regulatory requirements and Canada's reputation is maintained	Percentage of certified plants and plant products shipment (lots) that meet the country of destination phytosanitary import requirements[28]	99%	99%	Met

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[22] **Performance indicator in the 2012–13 RPP was:** Number of new foreign reportable plant diseases and pests that enter into Canada through regulated pathways and establish themselves. **The target was:** Historical Trend. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

[23] **Performance indicator in the 2012–13 RPP was:** Percentage of domestic plants and plant products in compliance with Canadian regulations and international agreements. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

[24] The target was incorrectly stated as 99% in the 2012–13 RPP. The target is actually 90% as the indicator is based on data from plant programs with targets set at 90%. This indicator has not historically been tracked and this information represents an ability of the importer and the foreign certifying organization to meet all import documentation requirements. A target of 90% has been set in the interim and will be reviewed following implementation of data collection.

[25] **The Expected Result in the 2012–13 RPP was:** Confirmed new incidences of new quarantine pests in Canada are contained and risk-mitigated (eradicated/controlled) through the issuance of Notices of Prohibition of Movement, Quarantine, up to and including the issuance of Ministerial Orders. **Rationale for change:** The expected result was streamlined to clarify what we are measuring.

[26] **Performance indicator in the 2012–13 RPP was:** Percentage of confirmed cases of quarantine pests for which notices were issued. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

[27] A 90% target has been set to reflect the rapid time frames in which Notices of Prohibition of Movement and Quarantines can be put in place balanced with the extensive time lines required to implement a Ministerial Order. Given the balance of these various measures it is anticipated that the appropriate control measures are issued in a timely manner 90% of the time.

[28] **Performance indicator in the 2012–13 RPP was:** Percentage of certified plant and plant product shipments (lots) that meet the country of destination regulatory requirements. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

Performance Analysis and Lessons Learned

The increase from Planned to Actual Spending of $2.4 million is, in part, due to the resources received to continue the Growing Forward Program Suite as well as an increase in statutory compensation payments.

In addition to the above, the variances in the financial resources and the FTEs are also related to the realignment of the Agency's PAA in 2011–12. This realignment saw the CFIA reduce from 8 Programs to 5. During this realignment, the CFIA worked hard to accurately align its Planned Spending and FTEs to the revised Programs. However, while preparing the 2011–12 DPR, it was noticed that some Planned Spending and FTEs did not properly align with the corresponding actual amounts. This same issue affects the 2012–13 information. This issue was corrected in the 2013–14 Report on Plans and Priorities.

In 2012–13, the CFIA continued to deliver the Plum Pox Management and Monitoring Program (PPMMP) aimed at managing the Plum Pox Virus (PPV), a plant disease that drastically reduces yields of stone fruit. Specifically, the CFIA's survey and monitoring activities determined that the virus had not spread beyond the established quarantine area. Additionally, in an effort to further contain PPV, the CFIA continued to communicate the risks related to the movement and propagation of regulated plant materials to residents and stone fruit growers in and around the quarantine region.

An increase in the number of interceptions and regulatory actions being taken against non-compliant commodities led the CFIA to take steps to prevent the entry of pests through field crop pathways. Following World Trade Organization (WTO) notification and consultation guidelines, the CFIA advised member countries of Canada's intent to require that all exports be certified free of the khapra beetle and wooly cupgrass (WCG) prior to importation to Canada. The proposed new requirements recognize that the U.S. is officially as free of the khapra beetle, and will allow U.S. grain to be imported uncertified into Canada– provided the Canadian importer can demonstrate how they can mitigate pests risks either through treatments or processes. Imports from countries other than the U.S. would be required to be certified as pest-free for all end uses in Canada.

The Agency also developed new system approach requirements to harmonize with U.S. requirements. They will serve to update the import policy directive on tomato fruits and further reduce the risk of introducing Tuta absoluta into Canadian greenhouses. Under this system approach, countries wishing to export tomatoes to Canada will be required to meet additional phytosanitary requirements, including pest exclusionary measures, pest surveys, record keeping, safeguarding of shipments, and staff training.

Sub-Program: Plant Protection

Financial Resources ($ millions) – For Sub-Program Level: Plant Protection

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
69.2	71.1	1.9

Human Resources (FTEs) – For Sub-Program Level: Plant Protection

Planned 2012–13	Actual 2012–13	Difference 2012–13
657	672	15

Table 2-3b: Summary of Performance by Sub-Program: Plant Protection

Expected Result	Performance Indicators	Targets	Performance Status	
Pre-border plant pest risks are mitigated	Percentage of inspected shipments from off-shore system approaches or pre-clearance programs in compliance with federal regulations	85%[29]	99%[30]	Met
At-Border plant pest risks are mitigated	Percentage of pre-arrival documentation in compliance with Canadian import requirements	90%[31]	99%	Met
Post-border plant pest risks are mitigated	Percentage of new pest detections that have a science based management plan initiated within one year	90%[32]	No new pests were detected[33]	Not Applicable

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[29] This indicator has not historically been tracked and no indicative data has been tracked, therefore a target of 85% has been set based on lack of current data to make informed decisions regarding the appropriate target level. The level of compliance for this indicator is indicative of the capacity for foreign countries to meet our Canadian import requirements and is not indicative of a failure of the CFIA.

[30] Due to the limited IT systems available at this time, the CFIA substantiated this indicator based on the number of notices of non-compliance issued relative to the number of transactions of the overall population of imported commodities from these off-shore programs. Therefore, in future years, once the IM/IT systems have been finalized, it's anticipated that reporting will be completed based on compliance levels relative to the import inspections completed for these commodities instead of for the overall population of imports of these commodities. This could impact the reported compliance rate.

[31] This indicator has not historically been tracked and this information represents an ability of the importer and the foreign certifying organization to meet all import documentation requirements. A target of 90% has been set in the interim and will be reviewed following the first years of data collection to ensure the target represents a high level target rate for compliance that is also meaningful and can be achieved.

[32] Following a new pest detection, the CFIA must first conduct a pest risk assessment, then determine the appropriate pest risk management measures and undertake consultation on the proposed management measures. Based on the complexity of a given pest introduction the intensive scientific / technical risk assessment may be resource intensive and lengthy. Subsequently an analysis of all the considerations to inform a risk management decision (including the risk assessment, available pest management options, as well as industry and market considerations) can also be intensive. Finally appropriate consultation with stakeholders, where required, can also be lengthy. Based on these considerations as well as historic information, a target of 90% has been set regarding implementation of a management plan within one year. It is important to note that due to the small number of new pest detections, a lengthy analysis and management plan process for any given pest can and will have a large impact on the CFIA's ability to achieve the target.

[33] There was no requirement for the initiation of science-based action plans in 2012–13 as no new foreign reportable plant diseases or pests entered into Canada through regulated pathways and became established in 2011–12.

Performance Analysis and Lessons Learned

The CFIA saw strong compliance of pre-arrival documentation in relation to Canadian import requirements which demonstrates that foreign countries and importers appear to have a solid understanding of the Canadian requirements. In addition, cases where deficiencies were identified, importers were able to readily address the deficiencies in order to permit the import of their plant or plant product shipment.

There was also high compliance rates for shipments from off-shore systems approaches or pre-clearance programs which indicates that the investment in communication of our Canadian requirements to foreign countries and resources in developing and auditing the systems-based programs in the countries of origin is showing positive results.

Invasive Alien Species (IAS) Strategy

Invasive species can be harmful when introduced into new areas. These species can invade agricultural and natural areas, causing serious damage to Canada's economy and environment.

As part of its ongoing response to invasive plants, the CFIA drafted an Invasive Plants Directive which describes the CFIA's invasive plants policy and provides a list of pest plants that are prohibited in Canada. The intended outcome of the directive is to control the importation and domestic movement of plants considered as pests in Canada. Comments from domestic and international stakeholder consultations on the invasive plants policy, a list of proposed pest plants, and the directive itself were considered in developing this directive. Additional collaborative work with stakeholders and partners on WCG and kudzu supported the ongoing management and/or eradication of these, and other, invasive plants. Specific to WCG, a government-industry working group was created to develop domestic regulatory measures aimed at mitigating the spread of this pest.

Further, the Agency continued communication and collaboration with provinces and stakeholders. Specifically, invasive plant surveys were conducted that focussed on high-risk pathways and facilities (e.g. bird seed facilities). As well, the CFIA worked to develop and implement new import-related phytosanitary measures aimed at reducing risk associated with those high-risk pathways. On the science front, the CFIA continued the development of diagnostic methods and tools that would improve the ability to identify high-risk invasive plants.

Finally, the CFIA participated in international standard-setting, harmonization of approaches, negotiations, and bilateral meetings with key trading partners, specifically with the United States, Korea, and Japan to discuss the risks associated with Asian Gypsy Moth (AGM).

Work towards eradicating AGM included broad stakeholder consultations and engagement, including an AGM Summit in December, 2012. As a result, revisions were made to strengthen the AGM program. The effect of these revisions will help mitigate the risk of introduction of AGM to Canada.

Sub-Program: Seed

Financial Resources ($ millions) – For Sub-Program Level: Seed

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
11.3	11.6	0.3

Human Resources (FTEs) – For Sub-Program Level: Seed

Planned 2012–13	Actual 2012–13	Difference 2012–13
117	120	3

Table 2-3c: Summary of Performance by Sub-Program: Seed

Expected Result	Performance Indicators	Targets	Performance Status	
Seed complies with federal regulations	Percentage of tested domestic pedigreed seed lots in compliance with federal regulations	95%	96%	Met
	Percentage of authorized confined releases of Plants with Novel Traits (PNTs) into the Canadian environment that are in compliance with the authorized conditions	90%[34]	97%	Met

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[34] A 90% target was established to take into account variability in environmental conditions that lead to challenges in trial site management. The CFIA works with the proponent to address non-compliance issues and to bring the site back into compliance. As such, any non-compliances are resolved and the final result is 100% compliance.

Performance Analysis and Lessons Learned

Canada's seed certification system provides a robust foundation for nearly $30 billion in grain, feed, seed and crop production industries. The CFIA, working in close collaboration with two industry partners, the Canadian Seed Growers' Association (CSGA) and the Canadian Seed Institute (CSI), ensures that pedigreed seed produced in Canada meets and exceeds domestic and international standards. Because of the rigorous system in place, this key performance indicator has consistently exceeded its target year after year and Canadian seed maintains an excellent reputation in international markets.

The CFIA's Confined Research Field Trial Program allows proponents to conduct in-field testing of a PNT (generally including plants with traits developed through biotechnology) under conditions of confinement. The CFIA verifies that these conditions are being met, and any sites that are found to be non-compliant must return to compliance within a short period of time. In 2012–13, the target was exceeded for several reasons: highly educated applicants and field managers were included in the program requirements; good communication practices were held between the CFIA, applicants, and field managers; and no extreme weather patterns occurred during the growing season. Trials are designed to minimize risk to the environment (including wildlife) and potential spread from the site, for example, soil incorporation of plant material after the completion of the trial.

Work with industry continued on the transfer of seed crop inspection services to an alternative service delivery (ASD) system. This transfer will allow the Agency to target its resources more effectively to address its core mandate. Work included consultation and communication with stakeholders on an industry model to transition to ASD and the establishment of authorized seed crop inspection services and licensed seed crop inspectors in anticipation of its implementation in April, 2014.

Sub-Program: Fertilizer

Financial Resources ($ millions) – For Sub-Program Level: Fertilizer

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
5.2	5.3	0.1

Human Resources (FTEs) – For Sub-Program Level: Fertilizer

Planned 2012–13	Actual 2012–13	Difference 2012–13
47	48	1

Table 2-3d: Summary of Performance by Sub-Program: Fertilizer

Expected Result	Performance Indicators	Targets	Performance Status	
Fertilizer and supplement products meet federal regulations	Percentage of inspected fertilizer and supplement products in compliance with federal regulations (Fertilizers Regulations)	90%	92%	Met
	Percentage of submissions reviewed within the prescribed service delivery standards	90%	92%	Met

Performance Analysis and Lessons Learned

Fertilizer Modernization

Work towards modernizing the Agency's *Fertilizer Regulations* continued, and included focusing regulatory oversight on the safety of fertilizers and supplements, implementing risk-based approaches and strengthening industry's leadership role in quality assurance and verification. The CFIA's work included extensive consultations with stakeholders, including the Canadian Fertilizer Products Forum, to address efficacy, safety, and labelling provisions, as well as definitions and exemptions. The modernization will also provide industry with greater flexibility, reduced costs, and less red tape.

The Fertilizer Program is re-directing activities to focus on safety-related inspections. Historically compliance rates with safety standards have been higher than with quality standards. Over the last two years, the Program has been transitioning out of quality, reducing quality-related marketplace monitoring activities.

Sub-Program: Intellectual Property Rights

Financial Resources ($ millions) – For Sub-Program Level: Intellectual Property Rights

Planned Spending 2012–13	Actual Spending 2012–13	Difference 2012–13
0.9	1.0	0.1

Human Resources (FTEs) – For Sub-Program Level: Intellectual Property Rights

Planned 2012–13	Actual 2012–13	Difference 2012–13
9	9	0

Table 2-3e: Summary of Performance by Sub-Program: Intellectual Property Rights

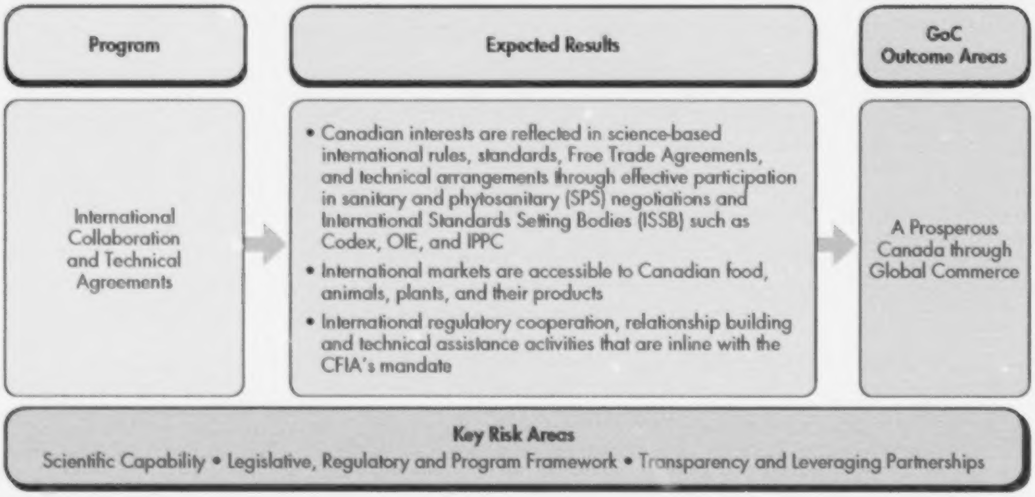
Expected Result	Performance Indicators	Targets	Performance Status	
Plant breeders develop new varieties for the Canadian market	Percentage of Plant Breeders' Rights applications that reach approval and are granted rights	100%	100%	Met

Performance Analysis and Lessons Learned

For the 2012 calendar year, the number of approved applications was 386, and the number of approved applications that were granted Plant Breeders' Rights (PBR) was 201. For more information on PBR please visit the following website[xii].

PBRs are a form of intellectual property protection which gives plant breeders exclusive rights to produce and sell reproductive material of their new plant varieties. The PBR program administers the *Plant Breeders Rights Act* to enable the granting of PBR to breeders. The granting of this intellectual property encourages investment in plant breeding and improves access to protected foreign varieties.

2.2.1.4 Program 4: International Collaboration and Technical Agreements



Program

International Collaboration and Technical Agreements

Expected Results

- Canadian interests are reflected in science-based international rules, standards, Free Trade Agreements, and technical arrangements through effective participation in sanitary and phytosanitary (SPS) negotiations and International Standards Setting Bodies (ISSB) such as Codex, OIE, and IPPC
- International markets are accessible to Canadian food, animals, plants, and their products
- International regulatory cooperation, relationship building and technical assistance activities that are inline with the CFIA's mandate

GoC Outcome Areas

A Prosperous Canada through Global Commerce

Key Risk Areas

Scientific Capability • Legislative, Regulatory and Program Framework • Transparency and Leveraging Partnerships

The Canadian Food Inspection Agency's International Collaboration and Technical Agreements program contributes to a coherent, predictable, and science-based international regulatory framework that facilitates meeting regulatory requirements of importing countries' food, animals and plants, and their products, resulting in the facilitation of multi-billion dollar trade for the Canadian economy. The program achieves its objectives through actively participating in international fora for the development of international science-based rules, standards, guidelines and policies and the management of sanitary and phytosanitary committees established under international agreements. The CFIA's active promotion of the Canadian science-based regulatory system with foreign trading partners and negotiations to resolve scientific and technical issues contribute to market access.

Based on market demand, the CFIA will also continue to negotiate and certify against export conditions in order to access export markets. The Agency, working with industry and interested stakeholders, will continue to develop and maintain export certification standards (which vary from country to country and commodity to commodity), conduct inspections and issue export certificates.

Financial Resources ($ millions) – For Program Level: International Collaboration and Technical Agreements

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference (Planned vs. Actual Spending)
45.4	45.4	35.2	33.4	(12.0)

Human Resources (Full-Time Equivalents – FTEs) – For Program: International Collaboration and Technical Agreements

Planned 2012–13	Actual 2012–13	Difference 2012–13
363	338	(25)

Table 2-4a: Summary of Performance by Program: International Collaboration and Technical Agreements

Expected Result	Performance Indicators	Targets	Performance Status	
Canadian interests are reflected in science-based international rules, standards, Free Trade Agreements, and technical arrangements through effective participation in Sanitary and Phytosanitary (SPS) negotiations and International Standards Setting Bodies (ISSB) such as Codex, OIE, and IPPC	Number of key sanitary and phytosanitary negotiations and international standards setting bodies meetings where the CFIA promoted Canada's interests[35]	24	50	Met
International markets are accessible to Canadian food, animals, plants, and their products	Number of unjustified non-tariff barriers resolved	24[36]	33	Met
International regulatory cooperation, relationship building and technical assistance activities that are in line with the CFIA's mandate	Number of senior level CFIA-led committees with foreign regulatory counterparts	5	9	Met
	Number of CFIA-led technical assistance activities provided to foreign national governments	6[37]	12	Met

Please note: Five indicators found in the International Collaboration and Technical Agreements section of the 2012–13 RPP have been omitted from this report. These indicators reported on performance at a low-level of detail which would not have added to the strategic performance story presented herein.

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[35] **Performance indicator in the 2012–13 RPP was:** Number of key sanitary and phytosanitary negotiations and international standards setting bodies meetings where the CFIA promoted Canada's interests. **The target was:** 10/Year. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

[36] **The target in the 2012–13 RPP was:** 10/Year. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

[37] **The target in the 2012–13 RPP was:** 10/Year. **Rationale for change:** Indicator was streamlined to clarify what we are measuring.

Performance Analysis and Lessons Learned

The decrease between Planned and Actual Spending of $12.0 million and Planned and Actual FTEs of 25 are related to the realignment of the Agency's PAA in 2011–12. This realignment saw the CFIA reduce from 8 Programs to 5. During this realignment, the CFIA worked hard to accurately align its Planned Spending and FTEs to the revised Programs. However, while preparing the 2011–12 DPR, it was noticed that some Planned Spending and FTEs did not properly align with the corresponding actual amounts. This same issue affects the 2012–13 information. This issue was corrected in the 2013–14 Report on Plans and Priorities.

On February 4, 2011 Prime Minister Stephen Harper and President Barack Obama announced the *Beyond the Border Declaration* and *the Canada-United States Regulatory Cooperation Council*. As a contributing partner in these agreements[38] the CFIA has made significant progress over the past year. More specifically, in 2012–13, the CFIA worked with stakeholders and our US counterparts to achieve the following results:

- Conducted four joint assessments on commodities of common interest from third countries. The joint assessments provided an opportunity: to consolidate resources; a chance for both Canada and the US to learn from each other's respective approaches to assessment; and the occasion to present a consolidated approach to foreign country assessments;
- Developed, in consultation with industry stakeholders, a common approach to the process of classifying meat cuts and realize a common nomenclature for meat cuts for Canada and the US;
- Developed and announced a zoning protocol which, in the event of a contagious animal disease outbreak, will provide for continued bilateral trade from areas located outside the disease control and eradication zone; and
- Undertook two pilot projects for a Canada-United States perimeter approach to plant protection. The goal is to align regulatory policies and science-based approaches which will inform how both countries can work towards an increased consistency on import requirements, increase communication between the two countries, and develop equivalent or harmonized plant quarantine systems.

In January 2013, the Government of Canada reached an agreement with Japan to expand market access for Canadian beef to include products derived from animals under 30 months of age (UTM) – an improvement over the previous requirement which only permits beef exports from animals under 21 months of age.

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[38] The Agency has been working on a number of initiatives to advance the Beyond the Border Action Plan. The progress achieved by the Agency on these initiatives is reflected throughout this Department's Performance Report; for a whole-of-government summary of progress made on the Action Plan to date, please refer to the Beyond the Border Horizontal Initiative Report, annexed to Public Safety Canada's Performance Report.

The expansion of Canada's beef market access is but one illustration of how the CFIA technical experts posted in Beijing, Brussels, Mexico, Moscow, and Tokyo have contributed to Canada's trade agenda. These positions have:

- led to stronger relationships with regulatory counterparts thereby maintaining the momentum of negotiations;
- enabled face-to-face real time discussions; and
- allowed the CFIA to project a Canadian perspective on common issues raised with the competent authorities by key trading partners.

From a multilateral perspective, in the fall of 2012, Canada joined the Trans-Pacific Partnership (TPP) – a free trade agreement comprised of twelve countries. While the Department of Foreign Affairs, Trade and Development Canada (DFATD) is the overall lead, the CFIA co-led the sanitary and phytosanitary (SPS) negotiations, and provided input into Canada's negotiating positions in the areas related to the CFIA's mandate. These included technical barriers to trade (TBT), regulatory cooperation, the environment, biotechnology, and intellectual property. The CFIA also continued to co-lead SPS negotiations with the European Union and India and contributed to the development of positions/strategies for free trade agreement (FTA) negotiations.

Additionally, the CFIA continued to lead Canada's participation in: the World Trade Organization (WTO) SPS Committee meetings; at the International Plant Protection Convention (IPPC); the World Organization for Animal Health (OIE); and in certain committees of the Codex Alimentarius Commission to promote the development of science-based international rules and standards.

Further, the CFIA continued to engage through international standard setting bodies in support of the development and revision of science-based international standards. For example, in 2012–13, the International Plant Protection Convention (IPPC) produced a draft specification for the development of a standard on the international movement of grain. The CFIA, with the participation of the Canadian grain industry, provided significant input into the development of the draft specification. Additionally, the CFIA, as Head of Canada's delegation at the July 2012 session of the Codex Alimentarius Commission (CAC), worked closely with like-minded countries to promote the successful adoption of maximum residue limits (MRLs) for ractopamine (a feed ingredient promoting growth).

Finally, the CFIA continued to work closely with the Canadian Forest Service (CFS) to develop sound scientific and technical justifications in support of several bilateral market access discussions. This partnership included the review, by CFIA and other stakeholders, of a technical paper developed by the CFS. The technical paper corroborates an existing international standard on heat treatment approaches for the export of pest-free wood products. Once this paper is finalized, it will form the basis for technical discussions with trading partners; for the expansion of the trade in wood products demanding higher levels of treatment prior to export.

2.2.1.5 Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Planning Highlights

Financial Resources ($ millions) – For Program Level: Internal Services

Total Budgetary Expenditures (Main Estimates) 2012–13	Planned Spending 2012–13	Total Authorities (available for use) 2012–13	Actual Spending (authorities used) 2012–13	Difference 2012–13
118.4	119.1	137.8	130.7	11.6

Human Resources (Full-Time Equivalents — FTEs) – For Program: Internal Services

Planned 2012–13	Actual 2012–13	Difference 2012–13
1015	925	(90)

Performance Analysis and Lessons Learned

The variances in the financial resources and the FTEs are related to the realignment of the Agency's PAA in 2011–12. This realignment saw the CFIA reduce from 8 Programs to 5. During this realignment, the CFIA worked hard to accurately align its Planned Spending and FTEs to the revised Programs. However, while preparing the 2011–12 DPR, it was noticed that some Planned Spending and FTEs did not properly align with the corresponding actual amounts. This same issue affects the 2012–13 information. This issue was corrected in the 2013–14 Report on Plans and Priorities. Actual Spending for the Internal Services Program has decreased by $30 million over the past two years.

Citizen-Focused Services

The Agency's new Transparency Policy came in effect on April 1st, 2013 and has been posted on the CFIA's website. The policy provides a basis for improved, open communication with respect to CFIA activities and services. Its goal is to facilitate awareness and increase the positive engagement of the Agency's stakeholder community. To complement and support the Transparency Policy, the Agency had undertaken a number of transparency-related initiatives and has made significant progress in this regard:

- In order to effectively communicate the CFIA's values and expected employee behaviours to the Agency's regulated parties, stakeholders and partners, the Agency developed and distributed "*The Canadian Food Inspection Agency, Our Regulated Parties, Stakeholders and Partners: An Ethical Relationship*";
- A *Statement of Rights and Service for Producers, Consumers and Other Stakeholders* and a compendium of guides for producers, consumers, processors, animal transporters, importers and exporters were developed to formally establish the principles that govern our interaction with stakeholders.
- A Complaints and Appeals Office was created and has been operational since April 1, 2012. Outreach meetings with a number of internal and external stakeholders have taken place to share information about the *Statement of Rights and Service* and its accompanying guides, as well as the complaints and appeals process.
- To increase awareness with respect to the nature and results of public opinion research (POR), the Agency defined and implemented a process for posting executive summaries of CFIA-related POR online[xiii];
- The CFIA published "Working for Canadians[xiv]" – an annual report of Agency activities told largely from the perspective of the CFIA's stakeholders;
- The Agency developed and made public a policy entitled "Transparency in Regulatory Decision Making[xv]"; and
- ATIP training on the new process and updated reporting mechanism was provided in Quebec, Ontario and Western Areas as well as with various groups as requested in the NCR. The ATIP Office also worked closely with Branch ATIP Advisors to increase awareness. Privacy Framework under development is scheduled to go through governance for approval in fiscal year 2013–14.

People

In support of its ongoing focus on its people, the CFIA worked to further its human resource priorities and support the contribution, productivity and satisfaction of its employees. A significant contribution towards this goal was the CFIA's move to replace the 2008–13 Renewal Plan with a three year Integrated HR/Business Plan. This plan paves the way forward for the Agency by providing the framework necessary to integrate various HR strategies so the Agency may meet its business requirements and better utilize the productive capacity of its employees.

For the hiring of new employees, the CFIA began using technology to administer existing paper-based assessment tools in an online environment. This eased the burden placed on employees during hiring processes. As well, the CFIA conducted research on the potential use of multiple standardized tools which would allow the Agency to increase its predictive ability for future job success, removing subjectivity and situations of potential bias. Additionally, a six week pre-requisite employment program was developed, three core training sessions were held, and a multi-year refresher training plan for existing inspection staff was created and implemented.

The CFIA emphasizes training initiatives that develop future leaders because they play a role in both employee training and employee retention, both of which are essential to the health of the Agency. The 2011 Public Service Employee Survey provided the CFIA with feedback which highlighted these areas. Based on this feedback, the CFIA's Learning Division initiated an Inspector School that was launched in 2012–13. The curriculum made efforts to ensure consistent orientation and cultural awareness for new CFIA inspectors and has led to the creation of an inspector-specific training strategy to ensure that the Agency's scientific and technical training is delivered consistently across the country.

Lastly, the effectiveness and efficiency of HR service delivery in the Agency has been improved by an extensive re-organization. The re-organization included the creation of a new Business Line Support Directorate, the implementation of the new1-888 HR Service Centre and other internal re-structuring.

Stewardship

In order to provide a clear vision and guidance for the Agency's future, the CFIA internally published its Long-Term Strategic Plan (LTSP). The plan embodies:

- **The vision** for the CFIA in 2025;
- **Focus areas** – general strategic direction for the next five years;
- **Goals** – broad outcomes within each focus area; and
- **Strategies** – specific actions the Agency has committed to undertake in the next five years to achieve these goals.

This LTSP is now used to guide CFIA decision making and planning, as well as management accountability and its relationship with stakeholders.

As part of the evaluation of its spending, the CFIA has identified a number of opportunities across all programs to reduce costs associated with management, administration and other internal functions. This includes sharing services with other government departments, streamlining processes, simplifying regulatory requirements, and providing single window access to specialized expertise.

As part of the project management agenda, the CFIA continued implementation of its Project Management Framework. This included a continued focus on project management training which included the delivery of 32 sessions attended by 734 employees.

The CFIA also developed its Investment Plan, which provides a five-year (2012/13 – 2016/17) outlook describing planned investment in assets, acquired services and projects supporting its strategic outcome, priorities and objectives. The Investment Plan's key focus is to develop Agency-wide strategies to maintain its aging core infrastructure while advancing the Agency's modernization agenda which includes: inspection system modernization; enhanced science capacity and capability; and information management and information technology which support inspection services.

As a part of the IM/IT Campaign Plan the CFIA began the process to upgrade its document management and its third party business intelligence system and developed a senior management reporting dashboard of Agency key performance indicators which will assist in priority based decision making. Additionally the CFIA is currently enriching its Data Warehouse, Implementation data extracting tools and reports, leading in report development for Senior Management.

In accordance with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, the CFIA considers the environmental effects of initiatives through its strategic environmental assessment process. This process is supported by the CFIA Environmental Policy commitment to apply sound environmental principles and practices in the development and delivery of its programs and the management of its facilities.

Risk Management

The CFIA made significant progress at integrating risk into its ongoing planning and reporting. Through the implementation of a focused business line portfolio approach that is enabled by corporate risks and planning resources, Integrated Risk Management (IRM) better supports strategic decision-making by ensuring that risk information is integrated within, and supports, existing business planning and priority-setting.

Additionally, the CFIA has successfully implemented 14 of the 17 security control measures that were foreseen in the Agency Security Plan (ASP) for the 2012–13 fiscal year. These security control measures include various enhancements to security-related compliance instruments, tools and awareness activities. The 2013–14 ASP deliverables will continue to strengthen the CFIA's Security Program by managing security risks and improving the overall security of its employees, the control and protection of CFIA information, physical infrastructures, and other valuable assets.

Section III: Supplementary Information

3.1 Financial Information

3.1.1 Financial Highlights

The financial highlights presented within the Agency's Performance Report are intended to serve as a general overview of the CFIA's financial position and operations. Financial statements are prepared in accordance with accrual accounting principles, Treasury Board accounting policies and year-end instructions issued by the Office of the Comptroller General which are based on Canadian generally accepted accounting principles for the public sector as required under Section 31 of the *Canadian Food Inspection Agency Act*.

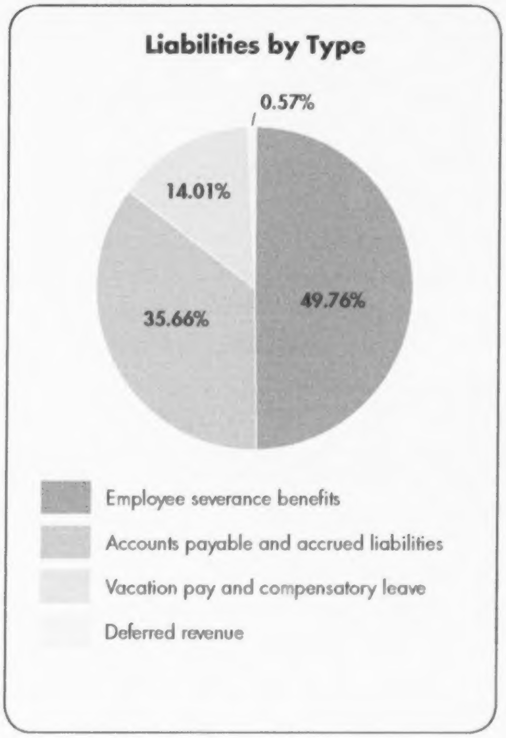
The main financial highlights for 2012–13 are the reduction of the allowance for workforce adjustments and the reduction in expenses related to employee severance benefits, resulting in lower expenditures in most programs compared to 2011–12. Also important to note is that the compensation payments from the infectious salmon anaemia (ISA) outbreak in the Atlantic region led to higher expenditures in the Animal Health and Zoonotics Program. Finally, capital investments were greater in 2012–13 mainly because of the modernization of information technologies.

Canadian Food Inspection Agency
Condensed Statement of Operations and Agency Net Financial Position (Unaudited)
Year ended March 31
(In thousands of dollars)

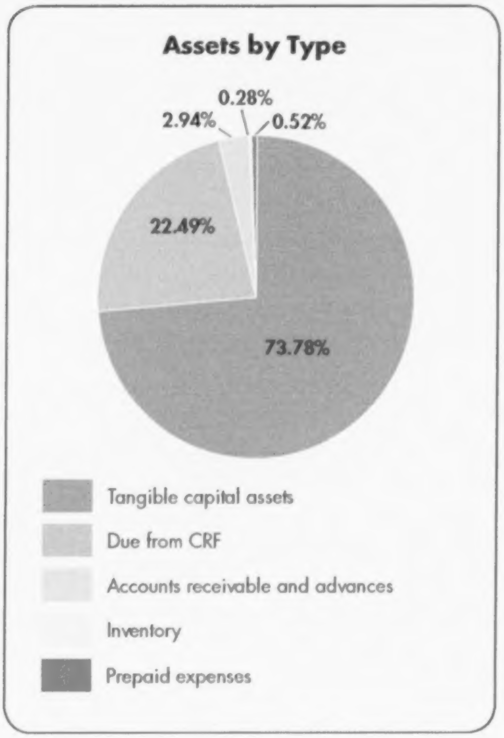
	2012–13		2011–12 Actual	$ Change (2012–13 Planned vs. Actual)	$ Change (2012–13 Actual vs. 2011–12 Actual)
	Planned Results (Restated)	Actual			
Total expenses	837,054	865,151	884,525	(28,097)	(19,374)
Total revenues	51,459	57,633	57,560	(6,174)	73
Net cost of operations before government funding and transfers	785,595	807,518	826,965	(21,923)	(19,447)
Agency – net financial position	**150,087**	**29,403**	**26,862**	120,684	2,541

Canadian Food Inspection Agency
Condensed Statement of Financial Position (Unaudited)
As at March 31, 2013
(In thousands of dollars)

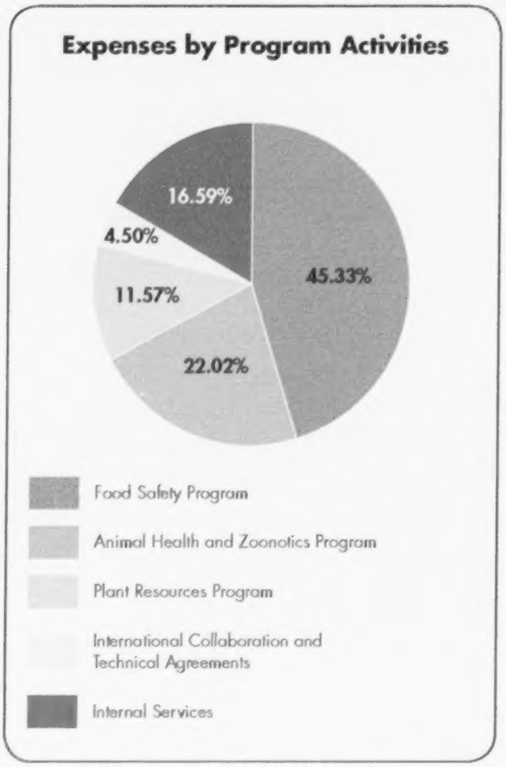
	2012–13	2011–12	$ Change
Total net Liabilites	246,592	233,510	13,082
Total net financial assets	70,175	53,605	16,570
Agency – net debt	176,417	179,905	(3,488)
Total non-financial assets	205,820	206,767	(947)
Agency – net financial position	**29,403**	**26,862**	2,541


Liabilities by Type

Total net liabilities at the end of 2012–13 were $247 million, an increase of $13 million (6%) over the previous year's total net liabilities of $234 million. The increase is mostly explained by a $16 million increase in payables at year-end resulting largely from an Agency wide initiative for the modernization of information technologies. This increase was offset by a decrease in accrued liabilities of $6 million, the result of a reduction of $16 million in the allowance for workforce adjustments and an increase of $10 million for the allowance for expired collective agreements. Employee severance benefits represented 50% of total liabilities, at $123 million, followed by the accounts payable and accrued liabilities which corresponded to 36 % of total liabilities, at $88 million. Vacation pay and compensatory leave amounted to $35 million (14%), while deferred revenue represented less than 1% of total liabilities.

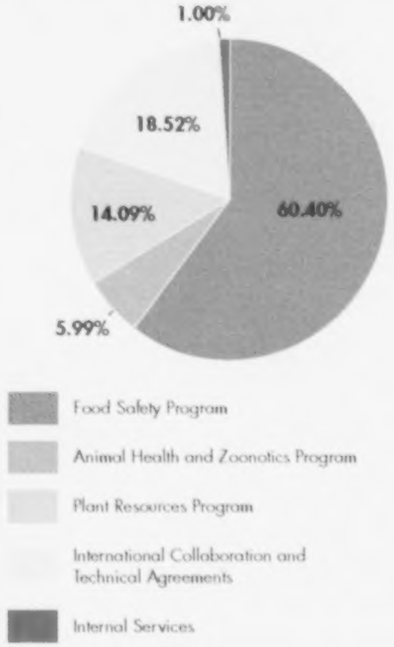


The total net financial assets of $70 million represents an increase of $16 million (30%), mainly the result of a growth in the amount of Due from the Consolidated Revenue Fund (CRF) caused by an increase in payables at year-end. The non-financial assets ($206 million) remained fairly constant with fiscal year 2011–12. Tangible capital assets represented the largest portion of the total assets, at $204 million (74%), while Due from CRF corresponded to 22% at $62 million. Accounts receivable and advances only represented 3%, followed by the inventory and prepaid expenses which were less than 1% of the total assets.



The total expenses were $865 million in 2013, a decrease of $19.4 million (2%) compared to last year. Significant variances come from the reduction of the workforce adjustment liability in 2012–13 and less employee severance benefit expenses compared to 2011–12, offset by an increase in payments related to the salmon (ISA) compensations. Despite the Financial Statements showing an expense reduction of $13 million in the Food Safety Program, when excluding accrual variations caused by one-time charges (listed above), the appropriation expenses for the Food Safety Program actually increased compared to 2011–12, due to additional resources received from the government for various food safety activities. The Animal Health and Zoonotics Program expenses increased mostly because of the salmon (ISA) compensation payments. In summary, the majority of the expenses, $392 million (45%) were under the Food Safety Program. The Animal Health and Zoonitics Program formed 22% of total expenses, while the Plant Resources Program represented 12% at $100 million. Approximately 5% of all expenses were under the International Collaboration and Technical Agreements. Finally, the Internal Services amounted to $144 million (17%), a reduction of $15 million compared to 2011–12.

Revenues by Program Activities



The total revenues amounted to $58 million for 2012–13. Revenues remained fairly constant with the revenues earned in 2011–12. The inspection fees form the biggest portion of the revenues at $42 million, representing 73% of all revenues. 60% of the revenues was derived from the Food Safety Program, while the International Collaboration and Technical Agreements represented 19% at $11 million. The Plant Resources Program represented 14% of all revenues while the Animal Health and Zoonitics Program represented approximately 6%. 1% of all revenues were derived from Internal Services. Note that the revenues earned on behalf of Government corresponds mainly to the Agency's administrative monetary penalties and interest on overdue accounts.

Comparison between Future-Oriented Financial Information and Actual Results

CFIA planned results are taken from the 2012-2013 Future-Oriented Financial Statements referenced in the Agency's 2012-2013 Report on Plans and Priorities.

The main difference between the planned and the actual expenses comes from the compensation payments related to the infectious salmon anaemia outbreak leading to higher expenses in the Animal Health and Zoonotics Program than forecasted.

The most significant assumption made in the 2012-2013 Future-Oriented Financial Statements was the expected renewal of various collective agreements, which did not materialize by the end of fiscal year 2012-2013. A large number of employees were forecasted to receive a payout for employee severance benefits because of that renewal. The impact is an important variance between the planned and actual net cash provided by government. That same item also affected the net financial position forecast.

3.1.2 Auditable Financial Statements

Financial Statements of

CANADIAN FOOD INSPECTION AGENCY (UNAUDITED)

Year ended March 31, 2013

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility Including Internal Control Over Financial Reporting
(Unaudited)

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2013 and all information contained in these statements rests with the Agency's management. These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

A risk-based assessment of the system of ICFR for the year ended March 31, 2013 was completed in accordance with the Treasury Board *Policy on Internal Control* and the results and action plans are summarized in the annex.

CANADIAN FOOD INSPECTION AGENCY

Statement of Management Responsibility Including Internal Control Over Financial Reporting
(Unaudited)

The effectiveness and adequacy of the Agency's system of internal control is reviewed by the work of internal audit staff, who conduct periodic audits of different areas of the Agency's operations, and by the Departmental Audit Committee, which is responsible for providing the President with independent and objective advice on the maintenance of adequate control systems and the quality of financial reporting. The Departmental Audit Committee provides this support through oversight of core areas of the Agency's controls and accountabilities.

The financial statements of the Canadian Food Inspection Agency have not been audited.

B.A. (Bruce) Archibald, PhD
President

For Peter Everson
Vice-President, Corporate Management Branch

Ottawa, Canada
August 22, 2013

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position **(Unaudited)**

As at March 31
(In thousands of dollars)

	2013	2012
Liabilities		
Accounts payable and accrued liabilities (Note 4)	$ 87,939	$ 78,125
Vacation pay and compensatory leave	34,557	31,593
Deferred revenue	1,404	2,024
Employee severance benefits (Note 5 (b))	122,692	121,773
Total gross liabilities	246,592	233,515
Deferred revenue held on behalf of Government	-	(5)
Total net liabilities	**246,592**	**233,510**
Financial Assets		
Due from Consolidated Revenue Fund	62,066	46,524
Accounts receivable and advances (Note 6)	9,152	8,062
Total gross financial assets	71,218	54,586
Accounts receivable and advances held on behalf of Government (Note 6)	(1,043)	(981)
Total net financial assets	**70,175**	**53,605**
Agency - net debt	**176,417**	**179,905**
Non-Financial assets		
Prepaid expenses	1,434	1,161
Inventory	769	1,048
Tangible capital assets (Note 7)	203,617	204,558
Total non-financial assets	205,820	206,767
Agency - net financial position	**$ 29,403**	**$ 26,862**

Contingent liabilities (Note 8)
Contractual obligations (Note 9)

The accompanying notes are an integral part of these financial statements.

Approved by:

B.A. (Bruce) Archibald, PhD
President

For Peter Everson
Vice-President, Corporate Management Branch

Ottawa, Canada
August 22, 2013

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations and Agency Net Financial Position **(Unaudited)**

Year ended March 31
(In thousands of dollars)

	2013 Planned Results (Restated)	2013	2012
Expenses			
Food Safety Program	$ 380,521	$ 392,142	$ 405,507
Animal Health and Zoonotics Program	159,611	190,472	172,265
Plant Resources Program	103,455	100,074	104,764
International Collaboration and Technical Agreements	52,497	38,910	43,288
Internal Services	140,974	143,623	158,704
Expenses incurred on behalf of Government	(4)	(70)	(3)
Total expenses	837,054	865,151	884,525
Revenues			
Inspection fees	38,974	42,116	43,088
Registrations, permits, certificates	8,778	8,829	8,478
Miscellaneous fees and services	1,934	4,852	3,959
Administrative monetary penalties	184	2,012	837
Establishment license fees	1,697	1,783	1,888
Grading	608	175	211
Interest	27	32	44
Revenues earned on behalf of Government	(743)	(2,166)	(945)
Total revenues	51,459	57,633	57,560
Net cost of operations	**785,595**	**807,518**	**826,965**
Government funding and transfers			
Net Cash provided by government	780,234	709,583	705,399
Change in due from Consolidated Revenue Fund	(5,956)	15,542	(27,285)
Services provided without charge by other government departments (Note 10)	78,071	85,870	82,764
Assets funded by other government departments (OGD)	662	130	138
Transfer of assets and liabilities from/to OGD (Note 11)	-	(1,066)	(2,856)
Net cost of operations after government funding and transfers	(67,416)	(2,541)	68,805
Agency - net financial position - Beginning of year	82,671	26,862	95,667
Agency - net financial position - End of year	**$ 150,087**	**$ 29,403**	**$ 26,862**

Segmented information (Note 12)

The accompanying notes are an integral part of these financial statements.

The 2013 Planned Results were restated as a result of the 2011 amendments made to *Treasury Board Accounting Standard 1.2 – Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies.

CANADIAN FOOD INSPECTION AGENCY

Statement of Change in Agency Net Debt **(Unaudited)**

Year ended March 31
(In thousands of dollars)

	2013 Planned Results (Restated)	2013	2012
Net cost of operations after government funding and transfers	**$ (67,416)**	**$ (2,541)**	**$ 68,805**
Change in tangible capital assets			
Acquisition of tangible capital assets	27,832	33,631	14,277
Amortization of tangible capital assets	(38,367)	(34,395)	(37,640)
Proceeds from disposal of tangible capital assets	(306)	(321)	(119)
Loss on disposal of tangible capital assets	(1,109)	(34)	(113)
Post-capitalization of tangible capital assets	52	48	47
Transfer from/to low value assets	701	-	-
Tangible capital assets funded by other government departments (OGD)	662	130	91
Tangible capital assets transfer to OGD (Note 11)	-	-	(4,919)
Total change due to tangible capital assets	(10,535)	(941)	(28,376)
Change in inventories	14	(279)	35
Change in prepaid expenses	156	273	(7)
Net increase in Agency net debt	**(77,781)**	**(3,488)**	**40,457**
Agency - net debt - Beginning of year	140,542	179,905	139,448
Agency - net debt - End of year	**$ 62,761**	**$ 176,417**	**$ 179,905**

The accompanying notes are an integral part of these financial statements.

The 2013 Planned Results were restated as a result of the 2011 amendments made to *Treasury Board Accounting Standard 1.2 – Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies.

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flows **(Unaudited)**

Year ended March 31
(In thousands of dollars)

	2013	2012
Operating activities		
Cash received from:		
Fees, permits and certificates	$ (60,281)	$ (59,460)
Cash paid for:		
Salaries and employees benefits	552,577	609,234
Operating and maintenance	139,737	137,571
Transfer payments	42,137	3,086
Revenues collected on behalf of Government	2,103	810
Cash used by operating activities	676,273	691,241
Capital investment activities		
Acquisition of tangible capital assets	33,631	14,277
Proceeds from disposal of tangible capital assets	(321)	(119)
Cash used by capital investment activities	33,310	14,158
Net cash provided by Government of Canada	**$ 709,583**	**$ 705,399**

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

1. Authority and Purposes

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The *Act* consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food, animals and plants. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

In delivering its mandate, the Agency operates under the following 4 program activities supported by internal services:

(a) Food Safety Program: The Food Safety Program aims to mitigate risks to public health associated with diseases and other health hazards in the food supply system and to manage food safety emergencies and incidents. The program achieves its objectives by promoting food safety awareness through public engagement and verification of compliance by industry with standards and science-based regulations. The program delivers initiatives to verify that consumers receive food safety and nutrition information and to mitigate unfair market practices targeting consumers and industry. Collaboration with other governments and stakeholders further enhances the Agency's ability to track, detect and mitigate risks associated with food and the food supply system, including food-borne illness. This program supports public health and instils confidence in Canada's food system.

(b) Animal Health And Zoonotics Program: The Animal Health and Zoonotics Program aims to mitigate risks to Canada's animal resource base, animal feeds and animal products, which are integral to a safe and accessible food supply system as well as to public health. The program achieves its objectives by mitigating risks to Canada's animals (including livestock and aquatic animals) from regulated diseases, managing animal disease emergencies and incidents, mitigating and managing risks to livestock and derived food products associated with feed, promoting animal welfare and guarding against deliberate threats to the animal resource base. The program helps to mitigate risks associated with animal diseases that can be transmitted to humans by controlling diseases within animal populations. This program supports the health of Canada's animal resources and instils confidence in the safety of Canada's animals, animal products and by-products, and production systems.

(c) Plant Resources Program: The Plant Resources Program aims to mitigate risks to Canada's plant resource base, which is integral to a safe and accessible food supply, as well as to public health and environmental sustainability.

The program achieves its objectives by regulating agricultural and forestry products; mitigating risks to the plant resource base (including crops and forests) from regulated pests and diseases; regulating the safety and integrity of seeds, fertilizers and plant products; and managing plant health emergencies and incidents. The program also guards against deliberate threats to the plant resource base, facilitates the introduction of emerging plant technologies and protects the rights of plant breeders. Achieving the objectives of the program instils confidence in Canada's plants, plant production systems and plant products, and contributes to the health of Canada's plant resources.

(d) International Collaboration And Technical Agreements: The CFIA's International Collaboration and Technical Agreements program contributes to a coherent, predictable, and science-based international regulatory framework that facilitates meeting regulatory requirements of importing countries' food, animals and plants, and their products, resulting in the facilitation of multi-billion dollar trade for the Canadian economy. The program achieves its objectives through actively participating in international fora for the development of international science-based rules, standards, guidelines and policies and, the management of sanitary and phytosanitary committees established under international agreements. The CFIA's active promotion of the Canadian science-based regulatory system with foreign trading partners and negotiations to resolve scientific and technical issues contribute to market access.

(e) Internal Services: Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communication Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Material Management Services; Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across the organization and not those provided specifically to a program.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act, Canadian Food Inspection Agency Act, Feeds Act, Fertilizers Act, Health of Animals Act, Plant Breeders' Rights Act, Plant Protection Act, Seeds Act, and the Safe Food for Canadians Act,* which once enacted, will replace the *Canada Agricultural Products Act, Fish Inspection Act, Meat Inspection Act, and Consumer Packaging and Labelling Act* (as it relates to food).

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labelling Act* and the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

Operating and capital expenditures are funded by the Government of Canada through parliamentary authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues generated by its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

2. Summary of Significant Accounting Policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

The Agency is mainly financed by the Government of Canada through parliamentary authorities. Authorities provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Agency Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high level reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations and Agency Net Financial Position are the amounts reported in the future-oriented financial statements included in the *2012-13 Report on Plans and Priorities*.

(b) Net cash provided by Government of Canada

The Agency operates within the Consolidated Revenue Fund (CRF), which is administrated by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF.

The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government of Canada.

(c) Due from the Consolidated Revenue Fund (CRF)

The amount of due from CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Agency is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues for fees, permits and certificates are recognized in the accounts as the services are provided.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

Revenues earned on behalf of Government are non-respendable and are not available to discharge the Agency's liabilities. These revenues are presented as a reduction to the Agency's revenues. While the President is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues.

As a result, non-respendable revenues are considered to be earned on behalf of Government of Canada and are therefore presented in reduction of the Agency's revenues.

(e) Expenses

Expenses are recorded on an accrual basis:

Transfer payments are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan (the "Plan"), a multi-employer plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency. Under present legislation the Agency is not required to make contributions with respect to actuarial deficits of the Plan.

(ii) Severance benefits:

Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits at the Agency level using specific rates provided by the Office of the Chief Actuary of Canada.

(iii) Other future benefit plans:

The Government of Canada sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Services Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the Government of Canada's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service provided without charge by other government departments. No amount is recorded in the Agency's financial statements with regard to either the actuarial liability of these programs at year end or the annual increase of such liabilities.

(g) Accounts receivable and advances

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Inventory

Inventory consists of laboratory materials, supplies and livestock held for future program delivery and not intended for re-sale. It is valued at cost. If it no longer has service potential, it is valued at the lower of cost or net realizable value.

(j) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is recorded on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization Period
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset class

(k) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Authorities

The Agency receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Agency Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year authorities used:

(In thousands of dollars)	2013	2012
Net cost of operations before government funding and transfers	$807,518	$826,965
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (less):		
Services provided without charge by other government departments	(85,870)	(82,764)
Amortization of tangible capital assets	(34,395)	(37,640)
Revenues pursuant to Section 30 of the CFIA act	56,003	56,570
Accounts receivable and liabilities transferred to Shared Services Canada	(1,066)	(2,063)
Bad debt	(106)	(113)
Net changes in future funding requirements	6,648	(37,304)
Low value assets funded by other government departments	-	(47)
Loss on disposal of tangible capital assets	(34)	(113)
Post-capitalization of tangible capital assets	48	47
	(58,772)	(103,427)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Add (less):		
Acquisition of tangible capital assets	33,631	14,277
Proceeds from disposal of tangible capital assets	(321)	(119)
	33,310	14,158
Current year authorities used	$782,056	$737,696

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

(b) Authorities provided and used:

(In thousands of dollars)	2013	2012
Vote 20 - Operating expenditures	$624,956	$617,231
Vote 25 - Capital expenditures	39,465	29,209
Revenues pursuant to Section 30 of the CFIA act	60,758	58,835
Statutory contributions to employee benefits plans and compensation payments	121,553	89,100
Less:		
Authorities available for future years	(30,412)	(3,202)
Lapsed authority – operating	(26,332)	(38,024)
Lapsed authority – capital	(7,932)	(15,453)
Current year authorities used	$782,056	$737,696

4. Accounts Payable and Accrued Liabilities

The following table presents details of the Agency's account payable and accrued liabilities:

(In thousands of dollars)	2013	2012
Accounts payable to other government department (OGD)	$8,362	$6,071
Accounts payable to external parties	32,825	30,855
	41,187	36,926
Accrued liabilities	46,752	41,199
Total	$87,939	$78,125

In Canada's Economic Action Plan 2012, the Government announced savings measures to be implemented by departments over the next three fiscal years starting in 2012-2013. As a result, the Agency has recorded at March 31, 2013 an obligation for termination benefits for an amount of $6,462,748 (2012 - $22,692,277) as part of accrued liabilities to reflect the estimated workforce adjustment costs.

5. Employee Benefits

(a) Pension benefits

The Agency's employees participate in the Public Service Pension Plan (the "Plan"), a multi-employer plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and are indexed to inflation.

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

Both the employees and the Agency contribute to the cost of the Plan. In 2012-2013, the Agency contributed $58,962,000 (2012 - $61,137,000), which represents approximately 1.7 times (2012 – 1.8 times) the contributions by employees.

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future authorities. Information about the severance benefits, measured for March 31, is as follows:

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012.

Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

(In thousands of dollars)	2013	2012
Accrued benefit obligation, beginning of year	$121,773	$106,036
Transferred to SSC, effective November 15, 2011 (Note 11)	-	(931)
Subtotal	121,773	105,105
Expense for the year	13,027	28,117
Benefits paid during the year	(12,108)	(11,449)
Accrued benefit obligation, end of year	$122,692	$121,773

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

6. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(In thousands of dollars)	2013	2012
Receivables from other government departments (OGD)	$3,514	$2,385
Receivables from external parties	6,090	6,038
Employee advances	55	82
	9,659	8,505
Less:		
Allowance for doubtful accounts on receivables from external parties	(507)	(443)
Accounts receivable	9,152	8,062
Accounts receivable and advances held on behalf of Government	(1,043)	(981)
Net accounts receivable	$8,109	$7,081

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

7. Tangible Capital Assets

(In thousands of dollars)

	Cost					Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Adjustments (1)	Disposals and write-offs	Closing balance	Opening balance	Amortization (2)	Disposals and write-offs	Closing balance	2013 Net book value	2012 Net book value
Land	$3,331	-	-	-	$3,331	-	-	-	-	$3,331	$3,331
Buildings	285,251	1,295	11	73	286,484	194,058	10,376	59	204,375	82,109	91,193
Machinery and equipment	87,079	3,566	-	1,272	89,373	41,478	5,683	1,011	46,150	43,223	45,601
Computer equipment and software	60,243	11,768	4,828	133	76,706	35,974	7,315	133	43,156	33,550	24,269
Vehicles	36,906	3,860		3,047	37,719	26,457	3,367	2,970	26,854	10,865	10,449
Assets under construction	12,625	11,950	(6,672)	22	17,881			-	-	17,881	12,625
Leasehold improvements	48,478	1,389	1,833		51,700	31,388	7,654	-	39,042	12,658	17,090
	$533,913	$33,828	$-	$4,547	$563,194	$329,355	$34,395	$4,173	$359,577	$203,617	$204,558

(1) Adjustments include assets under construction of $6,672,000 that were transferred to the other categories upon completion of the assets.

(2) Amortization expense for the year ended March 31, 2013 is $34,395,000 (2012 - $37,640,000).

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

8. Contingent Liabilities

Claims relating to both legal and employee grievances have been made against the Agency in the normal course of operations. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimate of liability is accrued and an expense recorded in the financial statements.

Amounts have been accrued for contingent liabilities as at March 31, 2013 pertaining to legal claims. The amount of the contingent liabilities for legal claims recognized is based on management's best estimate. Other legal claims against the Agency and other defendants include a class action suit related to bovine spongiform encephalopathy (BSE) for which amounts and likelihood of liability are not determinable.

Claims and litigations for which the outcome is not determinable and an amount of claim can be made by management amount to approximately $284,637,050 ($84,852,000 in 2011-2012) at March 31, 2013.

No amounts have been accrued pertaining to employee grievances as at March 31, 2013.

9. Contractual Obligations

The nature of the Agency's activities can result in some large multi-year contracts and agreements whereby the Agency will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(In thousands of dollars)	2014	2015	2016	2017	2018 and thereafter	Total
Capital projects	$253	$17	$-	$-	$-	$270
Operating leases	2,203	314	313	314	1,408	4,552
Transfer payments	701	201	-	-	-	902
Operating contracts	10,430	1,531	799	329	271	13,360
Total	$13,587	$2,063	$1,112	$643	$1,679	$19,084

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

10. Related Party Transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services provided without charge by other government departments

During the year, the Agency received the employer's contribution to the health and dental insurance plans, accommodation, and legal services, without charge from other government departments. These amounts have been recognized in the Agency's Statement of Operations and Agency Net Financial Position as follows:

(In thousands of dollars)	2013	2012
Employer's contribution to the health and dental insurance plans	$42,978	$43,558
Accommodation	31,101	30,736
Legal services	928	1,909
Shared Services Canada expenses	10,863	6,561
	$85,870	$82,764

(b) Other transactions with related parties

(In thousands of dollars)	2013	2012
Accounts receivable from other government departments and agencies	$3,514	$2,385
Accounts payable to other government departments and agencies	8,362	6,071
Expenses – Other Government departments and agencies	113,245	121,494
Revenues – Other Government departments and agencies	371	242

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

11. Transfers from/to other government departments

Effective November 15, 2011, the Agency transferred responsibility for the information technologies activities to Shared Services Canada in accordance with the Order-in-Council of November 15th 2011, including stewardship responsibility for the assets and liabilities. Accordingly, the Agency transferred the following assets and liabilities related to information technologies activities to Shared Services Canada on November 15, 2011:

(In thousands of dollars)	2013	2012
Assets:		
Accounts receivable (Note 6)	$-	$(105)
Tangible capital assets (Note 7)	-	(4,919)
Total assets transferred	-	(5,024)
Liabilities:		
Accounts payable and accrued liabilities (Note 4)	(1,066)	1,075
Vacation pay	-	162
Employee severance benefit (Note 5(b))	-	931
Total liabilities transferred	(1,066)	2,168
Adjustment to the Agency net financial position	$(1,066)	$(2,856)

During the transition period (November 15, 2011 to March 31, 2012), the Agency continued to administer the transferred activities on behalf of Shared Services Canada. The administered expenses amounted to $6,561,000 for the year 2012. These expenses were recorded as service provided without charge (Note 10 (a)) in fiscal year 2012.

12. Segmented information

Presentation by segment is based on the Agency's program activities architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated by program, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

CANADIAN FOOD INSPECTION AGENCY

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Year ended March 31, 2013

(in thousands of dollars)	2013						2012
	Food Safety Program	Animal Health and Zoonotics Program	Plant Resources Program	International Collaboration and Technical Agreements	Internal Services	Total	Total
Transfer Payments							
Compensation payments	$-	$37,532	$777	$-	$-	$38,309	$4,989
Other	-	586	-	900	-	1,486	1,179
Total transfer payments	-	38,118	777	900	-	39,795	6,168
Operating Expenses							
Salaries and employee benefits	297,293	107,874	75,508	32,482	100,192	613,349	668,230
Professional and special services	28,819	11,715	4,928	532	24,369	70,363	64,138
Accommodation	17,640	6,821	4,565	1,622	4,988	35,636	35,000
Amortization	15,526	7,779	3,995	1,515	5,580	34,395	37,640
Utilities, materials and supplies	8,449	6,453	3,312	266	969	19,449	18,420
Travel and relocation	9,539	4,006	2,606	963	1,944	19,058	18,652
Communications	5,063	2,474	1,275	480	1,940	11,232	12,399
Repairs	4,640	2,983	1,831	91	1,488	11,033	11,530
Furniture and equipment	3,619	1,417	566	26	996	6,624	8,648
Equipment rentals	536	277	431	16	665	1,925	1,838
Information	782	482	203	2	390	1,859	1,429
Miscellaneous	221	65	73	14	96	469	323
Loss on disposal of assets	15	8	4	1	6	34	113
Expenses incurred on behalf of Government	-	-	-	-	(70)	(70)	(3)
Total operating expenses	392,142	152,354	99,297	38,010	143,553	825,356	878,357
Total expenses	392,142	190,472	100,074	38,910	143,553	865,151	884,525
Revenues							
Inspection fees	29,609	972	5,423	6,112	-	42,116	43,088
Registrations, permits, certificates	2,900	816	795	4,318	-	8,829	8,478
Miscellaneous fees and services	360	1,662	1,891	239	700	4,852	3,959
Administrative monetary penalties	-	-	-	-	2,012	2,012	837
Establishment license fees	1,770	-	13	-	-	1,783	1,888
Grading	171	-	-	4	-	175	211
Interest	-	-	-	-	32	32	44
Revenues earned on behalf of Government	-	-	-	-	(2,166)	(2,166)	(945)
Total revenues	34,810	3,450	8,122	10,673	578	57,633	57,560
Net cost of operations	$357,332	$187,022	$91,952	$28,237	$142,975	$807,518	$826,965

CANADIAN FOOD INSPECTION AGENCY

Notes to the Financial Statements **(Unaudited)**

Year ended March 31, 2013

13. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation

Summary of the assessment of effectiveness of the systems of internal control over financial reporting and the action plan of the Canadian Food Inspection Agency for fiscal year 2012–13 (unaudited)

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting

(unaudited)

1. Introduction

This document provides summary information on the measures taken by the Canadian Food Inspection Agency (CFIA or the Agency) to maintain an effective system of internal control over financial reporting (ICFR), including information on internal control management and assessment results and related action plans.

Detailed information on the CFIA's authority, mandate and program activities can be found in the Agency's *Departmental Performance Report* and *Report on Plans and Priorities*.

2. Agency system of internal control over financial reporting

2.1 Agency control environment relative to ICFR

The CFIA recognizes the importance of setting the tone at the top to help ensure that staff at all levels understand their roles in maintaining an effective system of ICFR and are well equipped to exercise these responsibilities effectively. The CFIA's focus is to ensure that risks are well managed through a responsive, risk-based control environment that enables continuous improvement and innovation.

2.1.1 Key positions, roles and responsibilities relative to ICFR

Below are the CFIA's key positions and committees with responsibilities to maintain and review the effectiveness of the Agency's system of ICFR.

President – As Accounting Officer, the CFIA's President assumes overall responsibility and leadership for the measures taken to maintain an effective system of internal control. In this role, the President chairs the Senior Management Committee and is supported by the Executive Vice-President.

Chief Financial Officer (CFO) – The CFIA's CFO reports directly to the President and provides leadership for the coordination, coherence of, and the focus on, the design and maintenance of an effective, integrated system of ICFR, which includes the annual ICFR assessment.

Vice-Presidents – The CFIA's Vice-Presidents are in charge of program delivery, and are responsible for maintaining and reviewing the effectiveness of their system of ICFR within their mandate.

Chief Audit Executive (CAE) – The CFIA's CAE reports directly to the President and provides assurance through periodic risk-based internal audits, which can be instrumental in maintaining an effective system of ICFR.

Agency Audit Committee (AAC) – The AAC is an advisory committee that provides objective views on the CFIA's risk management, control and governance frameworks. It includes three external members and meets on a quarterly basis.

(unaudited)

2.1.2 Key measures taken by the organization

The CFIA's control environment also includes a series of measures to enable Agency staff to manage risks by raising awareness, providing appropriate knowledge and tools, and developing skills and capacities. Key measures include:

- Establishment of the Office of Values, Integrity and Conflict Resolution;
- The CFIA's Code of Conduct and Conflict of Interest and Post-Employment Code;
- Adoption of the Values and Ethics Code for the Public Sector;
- Annual performance agreements with senior managers, which set out clear financial management responsibilities;
- Training program and communications in core areas of financial management;
- Tailoring of Agency policies to the CFIA's control environment;
- Documentation of the main business processes and related key risk and control points to support the management and oversight of the CFIA's system of ICFR;
- Active monitoring, including quality assurance activities and quarterly reporting of results; and
- Periodic updating of the delegation of financial signing authorities matrix.

2.2 Service arrangements relevant to financial statements

The Agency relies on other organizations for the processing of certain transactions that are recorded in its financial statements:

Common arrangements

- Public Works and Government Services Canada (PWGSC) centrally administers the payment of salaries and the procurement of goods and services, as per the Agency's Delegation of Authority, and provides accommodation services;
- The Treasury Board Secretariat provides the Agency with information used to calculate various accruals and allowances;
- The Department of Justice provides legal services to the CFIA; and
- Shared Services Canada (SSC) provides IT infrastructure services to the Agency in the areas of data centre and network services. The scope and responsibilities are addressed in the interdepartmental arrangement between SSC and the Agency.

Specific arrangements

- Agriculture and Agri-Food Canada (AAFC) provides the CFIA with:
    - The SAP financial system platform to capture and report all financial transactions;
    - The Enterprise data warehouse to report financial information; and
    - The PeopleSoft human resource system platform to manage pay and leave transactions.

(unaudited)

3. Departmental assessment results for fiscal year 2012–13

During 2012–13, the Agency completed all remaining design and operating effectiveness testing of key control areas. In addition, the Agency conducted on-going monitoring activities in the areas of Revenue, Pay, and Operating and Maintenance Expenditures as per the plan. In 2013–14, the risk-based on-going monitoring plan, which covers all control areas, will be fully implemented to assess and sustain the management of internal controls in support of continuous improvement.

The key findings and adjustments required from the current year's assessment activities are summarized below.

3.1 Design effectiveness testing of key controls

In the current year, the Agency completed design effectiveness testing of the last remaining key control items – Capital Assets, Financial Management, SAP/Enterprise, PeopleSoft, Electronic Invoicing, and IT Access Control and Change Management. Remediation is in progress for these self-assessment areas.

As a result of design effectiveness testing, the Agency identified the following remediation requirements:

Capital Assets

- Strengthen the physical asset validation process to include all capital asset categories and to reflect risk-based planning and analysis; and
- Formalize and communicate policies and procedures for assets.

IT General Controls

- Strengthen access control by formalizing procedures, performing more structured periodic reviews of user access and segregating incompatible duties; and
- Clearly document and communicate CFIA roles and responsibilities in relation to IT service partners.

3.2 Operating effectiveness testing of key controls

In 2012–13, the Agency completed operating effectiveness testing of the last remaining key control items – Capital Assets, Financial Management, SAP/Enterprise, PeopleSoft, Electronic Invoicing, and IT Access Control and Change Management. Remediation is in progress for these self-assessment areas.

As a result of the operating effectiveness testing, the Agency identified the following remediation requirements:

Financial Management

- Improve the quality of financial forecasts by enhancing manager training and the challenge function performed by financial management advisors.

3.3 On-going monitoring of key controls

In 2012–13, the Agency completed planned ongoing monitoring of Revenue, Pay, and Operating and Maintenance Expenditures.

As a result of ongoing monitoring, the Agency identified the following remediation requirements:

Pay

- Improve procedures to ensure that Specimen Signature Records for Human Resources staff are reviewed and updated periodically.

Remediation is in progress for this self-assessment area.

(unaudited)

4. Departmental Action Plan

4.1 Progress during fiscal year 2012–13

During 2012–13, the CFIA continued to make significant progress in assessing and improving its key controls. Below is a summary of the main progress made by the Agency based on the plans identified in the previous fiscal year's annex:

Element of previous year's action plan	**Status**
Complete the documentation, design and operating effectiveness testing for Capital Assets and Financial Management.	Completed as planned. Remediation is in progress and is expected to be completed in 2013–14.
Complete the design and operating effectiveness testing for IT General Controls (SAP/Enterprise, PeopleSoft, Electronic Invoicing, and CFIA IT Access Control and Change Management).	Completed as planned. Remediation is in progress and is expected to be completed in 2013–14.
Complete on-going operating effectiveness testing for Revenue, Pay and Operating and Maintenance Expenditures.	Completed as planned. Remediation is in progress and is expected to be completed in 2013-14.
Continue to follow up on outstanding improvement opportunities identified in previous years.	Remediation from previous fiscal years is substantially completed for Pay and is in progress for Revenue.
Develop a multi-year monitoring plan to identify areas for continued or periodic observation, updating and testing on a defined rotational basis consistent with the level of risk.	A comprehensive risk assessment and a risk-based on-going monitoring plan were developed in consultation with senior management and the Audit Committee and were approved by the President. This will guide the self-assessment work in future years.

4.2 Status and action plan for the next fiscal year and subsequent years

Building on progress to date, the Agency has completed the full assessment in all key control areas of its system of ICFR in 2012–13. Starting in 2013–14, the Agency will be applying its rotational on-going monitoring plan to reassess control performance on a risk basis across all control areas. The status and action plan for the completion of the identified control areas for the next fiscal year (2013–14) and subsequent years (2014–15 and 2015–16) is as follows:

Key Control Areas	**Assessment elements**		
	Design effectiveness testing and remediation[1]	**Operational effectiveness testing and remediation**[1]	**Ongoing monitoring rotation**[2]
Entity level controls			
Values and Ethics	Complete	Complete	2015–16
Governance	Complete	Complete	2015–16
Risk Management	Complete	Complete	2014–15
Financial Management	Complete	Testing complete. Remediation to be completed in 2013–14.	2014–15
People Management	Complete	Complete	2013–14 and 2015–16

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[1] All outstanding remediation is considered non-critical and opportunity for improvement to the CFIA's control environment. In areas where there is outstanding remediation in design effectiveness, operating effectiveness testing for existing key controls was completed. Action plans for remediation have been approved and will be assessed when implemented.

[2] The frequency of the on-going monitoring of key control areas is risk-based and may occur over a multi-year cycle.

(unaudited)

IT general controls under Agency management			
Access Control and Change Management	Testing complete. Remediation to be completed in 2013–14.	Complete	2014–15
SAP/Enterprise	Complete	Complete	2013–14
PeopleSoft	Complete	Complete	2015–16
Electronic Invoicing	Complete	Complete	2015–16
Business processes			
Pay	Complete	Testing complete. Remediation to be completed in 2013–14.	2013–14, 2014–15 and 2015–16
Operating and Maintenance	Complete	Complete	2015–16
Revenue	Testing complete. Remediation to be completed in 2014–15.	Complete	2014–15
Capital Assets	Testing complete. Remediation to be completed in 2013–14.	Complete	2014–15
Financial Closing and Reporting	Complete	Complete	2013–14, 2014–15 and 2015–16
Statutory Compensation Payments	Complete	Complete	2015–16

In addition to the risk-based on-going monitoring plan, the Agency will continue to address outstanding remediation and will also conduct assessment work to reflect the transfer of pay services to the PWGSC Public Service Pay Centre.

3.2 Supplementary Information Tables

2011–12 User Fee Reporting – *User Fees Act*
- Table A: User Fee
- Table B: External Fee

Details on Transfer Payment Programs (TPPs)

Green Procurement

Horizontal Initiatives
- Table A: Bovine Spongiform Encephalopathy
- Table B: National Aquatic Animal Health Program
- Table C: Invasive Alien Species
- Table D: Listeria
- Table E: Plum Pox
- Table F: Food Safety Modernization

Internal Audits and Evaluations
- Table A: Audits
- Table B: Evaluations

Response to Parliamentary Committees and External Audits

Sources of Respendable and Non-Respendable Revenue
- Table A: Sources of Respendable Revenue
- Table B: Sources of Non-Respendable Revenue

Status Report on Projects Operating with Specific Treasury Board Approval

All electronic supplementary information tables listed in the 2012–13 Departmental Performance Report can be found on Canadian Food Inspection Agency's website[xvi].

3.3 Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[xvii] publication. The tax measures presented in the Tax Expenditures and Evaluations publication are the sole responsibility of the Minister of Finance.

Section IV: Other Items of Interest

4.1 Performance Indicator by Organizational Priorities

4.2 Further Information on the Assessment of Compliance

4.3 Organizational Contact Information

Section IV information listed in the 2012–13 Departmental Performance Report can be found on the Canadian Food Inspection Agency's website[xviii].

URL Links

[i] For more information on An Office of Complaints and Appeals: http://www.inspection.gc.ca/about-the-cfia/accountability/complaints-and-appeals/eng/1365098638147/1365098743944

[ii] For more information on CFIA service standards and fees: http://www.inspection.gc.ca/about-the-cfia/accountability/other-activities/sound-agency-management/service/eng/1326916769016/1326916873715

[iii] The URL for the Public Accounts of Canada 2013: http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

[iv] http://inspection.gc.ca/about-the-cfia/acts-and-regulations/eng/1299846777345/1299847442232

[v] http://inspection.gc.ca/about-the-cfia/acts-and-regulations/initiatives/sfca/eng/1338796071420/1338796152395

[vi] http://www.inspection.gc.ca/food/action-plan/eng/1366921334607/1366921368545

[vii] Chemical residue and microbiological targeted surveys: http://www.inspection.gc.ca/food/chemical-residues-microbiology/microbiology/eng/1324284849823/1324285064868

[viii] Product of Canada information on its website: http://www.inspection.gc.ca/food/labelling/other-requirements/origin-claims/product-of-canada/eng/1333460728274/1333460900491

[ix] http://www.inspection.gc.ca/food/information-for-consumers/food-safety-investigations/xl-foods-inc-independent-review-/eng/1370367689068/1370367776627

[x] http://www.nfacc.ca/codes-of-practice

[xi] http://www.nfacc.ca/animal-care-assessment

[xii] For more information on PBR: http://www.inspection.gc.ca/english/plaveg/pbrpov/pbrpove.shtml

[xiii] POR online: http://www.inspection.gc.ca/about-the-cfia/accountability/other-activities/sound-agency-management/proactive-disclosure/public-opinion-research/eng/1362875153480/1362875223040

[xiv] Working for Canadians: http://www.inspection.gc.ca/about-the-cfia/forms-and-publications/working-for-canadians/eng/1366291550253/1366291606765

[xv] Transparency in Regulatory Decision Making: http://www.inspection.gc.ca/about-the-cfia/accountability/transparency-in-regulatory-decision-making/eng/1363183662938/1363185978804

[xvi] All electronic supplementary information tables listed in the 2012–13 Departmental Performance Report can be found at http://inspection.gc.ca/eng/1377176926809/1377177134114

[xvii] The Department of Finance publishes cost estimates and projections at http://www.fin.gc.ca/purl/taxexp-eng.asp

[xviii] http://inspection.gc.ca/eng/1377176926809/1377177134114